



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

Daily Report

China

**FBIS-CHI-88-225
Tuesday
22 November 1988**

Daily Report

China

FBIS-CHI-88-225

CONTENTS

22 November 1988

INTERNATIONAL AFFAIRS

General

UN Envoy Supports Indo-Chinese Refugee Talks [XINHUA]	1
Delegation Leaves for UN Vienna Conference [XINHUA]	1
Yao Yilin Meets Foreign Photographers [XINHUA]	1
Double Taxation Avoidance Agreements Signed [RENMIN RIBAO 14 Nov]	1
Shanghai Naval Technology Show Slated [XINHUA]	2
Expedition Team Leaves for Antarctica [XINHUA]	2
Delegation Attends Interpol Session in Bangkok [XINHUA]	2
BEIJING REVIEW Cited on Refugee Camps [XINHUA]	2
Paper on Filipino-U.S. Military Base Agreement [GUANGMING RIBAO 24 Oct]	4
'Roundup' on U.S., EC Farm Subsidy 'Dispute' [XINHUA]	5
Hungary, S. Korea Sign Joint Venture Accord [XINHUA]	5

United States & Canada

Air Force Delegation Ends Visit to U.S. [XINHUA]	5
Sino-U.S. Joint Venture To Develop Gas Field [CHINA DAILY 22 Nov]	6
U.S. Investment in Guangzhou City Increasing [CEI Database]	6
Shanghai Shipyard Makes First Boeing Hydrofoil [XINHUA]	7
Bank of China Opens First Canadian Office [XINHUA]	7
Canadian Delegation Leaves for Beijing 20 Nov [Harbin Radio]	7
Delegation From Canada Visits Jilin 19 Nov [Changchun Radio]	7

Soviet Union

Vice Premier Tian Meets Soviet Trade Delegation [XINHUA]	8
Science, Technology Exhibit Ends in Beijing [Beijing International]	8

Northeast Asia

Japan's Takeshita Meets China Committee Members [XINHUA]	8
Program Exchange With Japanese TV Stations [Tokyo NHK TV]	8
Zhejiang Governor Meets Japanese Friendship Group [ZHEJIANG RIBAO 10 Nov]	9
Jiangxi Governor Meets With Japanese Delegation [JIANGXI RIBAO 9 Nov]	9
Wu Guanzheng Opens Japanese Cultural Exhibition [JIANGXI RIBAO 10 Nov]	9
Cultural Exchange Plan Signed With DPRK [XINHUA]	10
Sports Protocol Signed With DPRK 17 Nov [XINHUA]	10
North, South Korean Lawmakers Resume Talks [XINHUA]	10

Southeast Asia & Pacific

Premier Li Peng Continues New Zealand Visit	10
Welcomed by David Lange [XINHUA]	10
Addresses Wellington News Conference [XINHUA]	11
Views South Pacific Ties [XINHUA]	11
Meets Prime Minister Lange [XINHUA]	12
Investment Pact Signed [XINHUA]	12
Meets Governor General [XINHUA]	12
Lange Addresses Banquet [XINHUA]	13
Comments on Trade [XINHUA]	13
Honored at Reception [XINHUA]	13

Paper Reports Li Peng's Melbourne Dinner [RENMIN RIBAO 20 Nov]	14
Thai Foreign Minister Refutes SRV Accusation [XINHUA]	14
'News Analysis' of SRV Peasant Demonstration [XINHUA]	14
'Roundup' Examines Aquino Government Record [XINHUA]	15

Near East & South Asia

Indian Diplomats Arrive, Begin Discussions [AFP]	17
Egyptian President Meets NPC Delegation [XINHUA]	17

Sub-Saharan Africa

Comoros President Abdallah Ends Visit	17
Zhao, Abdallah Meeting Viewed [RENMIN RIBAO 16 Nov]	17
Visits Hainan Province [XINHUA]	18
Concludes Visit [XINHUA]	18
Minister Qin Jiwei Meets Nigerian Counterpart [XINHUA]	18
Qin Jiwei, Djibouti Delegation Meet [XINHUA]	19

West Europe

Portuguese Assembly President Ends Visit	19
Leaves Guangzhou [XINHUA]	19
Departs Macao for Home [XINHUA]	19
EC Protests Inexpensive Chinese Television Sets [CHINA DAILY 19 Nov]	19
Italian Delegation Arrives in Harbin [Harbin Radio]	20

East Europe

CPC's Rui Xingwen Meets Bulgarian Delegation [XINHUA]	20
Sports Protocol Signed With Bulgaria [XINHUA]	20
Rui Xingwen Meets Romanian Provincial Delegation [XINHUA]	20
Poland Publishes Deng's Selected Works [RENMIN RIBAO 19 Nov]	21

Latin America & Caribbean

Councillor Li Guixian Meets Uruguayan Banker [XINHUA]	21
Cooperation Agreement With Nicaragua Signed [XINHUA]	21

NATIONAL AFFAIRS

Naval Commander Interviewed on Guided Missiles [Hong Kong LIAOWANG OVERSEAS EDITION 14 Nov]	22
2 Killed in Explosion at Great Wall [XINHUA]	23
Further Reportage on Literature, Art Congress	23
Editorial Lauds Congress [GUANGMING RIBAO 8 Nov]	23
Characterized as 'Quiet Meeting' [LIAOWANG OVERSEAS EDITION 21 Nov]	25
Nature, Task of Federation Changes [XINHUA]	26
Culture Minister Urges Writers To Support Reform [ZHONGGUO XINWEN SHE]	26
Wang Meng Views Problems in Cultural Domain [ZHONGGUO XINWEN SHE]	27
Reform 'Irreversible', Road By No Means Smooth [LIAOWANG 7 Nov]	27
Gao Shangquan on Development of Reform Theory [XINHUA]	28
Scholar Yan Jiaqi Views Political Situation [ZHONGGUO TONGXUN SHE]	29
Kuomintang Revolutionary Committee Congress Ends [XINHUA]	30
State Council To Issue Regulations Publicly [XINHUA]	30
Powerful Laser Device Developed in Guangxi [ZHONGGUO XINWEN SHE]	31
Arms Fair Gives Impetus to Defense Industry [CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT 21 NOV)]	31
Tax Bureau Placed Directly Under State Council [RENMIN RIBAO 17 Nov]	32

Three Gorges Project Meeting Opens 21 November	[CHINA DAILY 22 Nov]	32
Good Geological Conditions	[XINHUA]	32
Experts Study Resettlement Problem	[XINHUA]	33
Hu Qili Greets Journalism Study Class	[JIEFANG RIBAO 16 Nov]	34
Economist on Need for Modern Management Ideas	[RENMIN RIBAO 17 Nov]	34
Finance Ministry's 'Three Fix' Plan Approved	[RENMIN RIBAO 17 Nov]	35
LIAOWANG on Possibility of Debt Crisis	[Hong Kong OVERSEAS EDITION 14 Nov]	35
Economist Urges Removal of Redundant Workers	[XINHUA]	37
Commentator's Article on Trade Union Congress	[BAN YUE TAN 25 Oct]	38
Tourist Industry Losing State Foreign Exchange	[ZHONGGUO XINWEN SHE]	39
More Reserves Verified in Zhongyuan Oil Field	[XINHUA]	40
Article Views Problems in Deepening Rural Reform	[GUANGMING RIBAO 5 Nov]	40
Relationship Between Partial, Overall Development	[RENMIN RIBAO 14 Nov]	43
Article Urges Rejuvenation of Agriculture	[LIAOWANG 7 Nov]	44

REGIONAL AFFAIRS

East Region

Lu Rongjing Attends Anhui City Anniversary	[Hefei Radio]	46
Mao Zhiyong Views Jiangxi Agricultural Issues	[Nanchang Radio]	46
Shandong People's Congress Meeting Ends 21 Nov	[Jinan Radio]	47
Shanghai's Jiang Zemin at Award Ceremony	[Shanghai Radio]	47

Central-South Region

Pepsico To Invest in Guangdong Joint Venture	[Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 22 Nov]	47
Report on Capital Construction Curtailment	[RENMIN RIBAO 12 Nov]	48
Guangzhou PLA Launches Inspection of Anomalies	[Guangzhou Radio]	48
Xing Chongzhi Speaks at Hebei Party Meeting	[RENMIN RIBAO 12 Nov]	49

Southwest Region

Editorial on Strengthening Sichuan Agriculture	[SICHUAN RIBAO 2 Nov]	51
Tibetan Leaders at Company Consolidation Meeting	[Lhasa Radio]	53
Tibetans To Discuss Productive Forces Criterion	[Lhasa Radio]	53

Northeast Region

Provincial-Level Organ Report Meeting Held	[Harbin Radio]	53
Liaoning's Congress Committee Session Ends	[Shenyang Radio]	54

Northwest Region

Li Ziqi Speaks at Seventh Gansu Party Congress		55
Discusses Economic Measures	[Lanzhou Radio]	55
On Civilization, Party Leadership	[Lanzhou Radio]	56
Outlines Reform Measures	[Lanzhou Radio]	57
Stresses Party Discipline, Style	[Lanzhou Radio]	57
Congress Concludes, Leaders Elected	[Lanzhou Radio]	58
New Agricultural Development Strategy for Gansu	[Beijing Radio]	58
Xinjiang's Song Hanliang Stresses Ethnic Unity	[Urumqi Radio]	59

General

UN Envoy Supports Indo-Chinese Refugee Talks
OW2011013588 Beijing XINHUA in English
0846 GMT 18 Nov 88

[Text] United Nations, November 17 (XINHUA)—China today expressed support for the convening of an international conference on Indo-Chinese refugees.

China adopted the position that such a conference be held to find "comprehensive and durable solutions" to the continuing outflow of refugees, according to Chinese Ambassador to the U.N. Ding Yuanhong.

In Indo-China, no sooner have old refugee problems been resolved than new ones crop up, Ding said. A case in point is the renewed flight of the boat-people, which has brought enormous pressure on the Southeast Asian countries and Hong Kong in the past year, he said.

He expressed the belief that the question of Kampuchean refugees can be solved once and for all only if Vietnam withdraws its troops from Kampuchea and ends its ten-year-old war with the Kampuchean resistance.

Delegation Leaves for UN Vienna Conference
OW221111388 Beijing XINHUA in English
1524 GMT 21 Nov 88

[Text] Beijing, November 21 (XINHUA)—A Chinese Government delegation left here this evening for Vienna to attend the United Nations Conference for the Adoption of a Convention Against Illicit Trafficking in Narcotics and Psychotropic Substances.

Delegation leader Gu Yingqi, head of China's Coordinating Committee on Drug Control and Prohibition and vice-minister of public health, will leave for the conference later.

It was learned that the conference, scheduled for November 25 to December 20, is aimed at strengthening judicial cooperation among nations to deal with serious international crimes involving drugs.

Prior to their departure, a spokesman for the delegates told XINHUA that the Chinese Government has always attached great importance to international cooperation in drug control and spoken highly of the important role the U.N.'s 1961 single convention on narcotics and 1971 convention on psychotropic substances have played in strengthening drug control.

He said that, in the face of the present rampant international traffic in narcotics, it is necessary to draw up a new drug convention. Since 1987 the Chinese Government has sent groups of experts to attend various discussions preliminary to the setting up of the convention.

Yao Yilin Meets Foreign Photographers
OW2111130588 Beijing XINHUA in English
1144 GMT 20 Nov 88

[Text] Beijing, November 20 (XINHUA)—Chinese Acting Premier Yao Yilin met here today a group of photographers from the United States and the Netherlands, who are here to attend an international pressphoto week.

Three exhibits including "Eyewitness: 30 Years of World Pressphoto" will be run during the pressphoto week which will start tomorrow at the Museum of Chinese History.

Double Taxation Avoidance Agreements Signed
HK1911021588 Beijing RENMIN RIBAO
in Chinese 14 Nov 88 p 2

[Report by Liu Jinzhi (0491 6855 2655) and Wang Jingru (3769 6930 7711): "China Signs Double Taxation Avoidance Agreements With 20 Countries"]

[Text] By the end of last October, China has signed agreements for avoiding double taxation of income and preventing tax evasion with 20 countries, including Japan, Britain, France, the United States, and the FRG. Moreover, China had initialed or is negotiating double taxation avoidance agreements with 11 countries, including Romania and Switzerland.

China started signing double taxation avoidance agreements with some countries in a planned way in 1981. In light of the different conditions in various countries, these agreements have respectively laid down a method of tax exemption or deduction (the method of offsetting or exempting taxes) to eliminate double taxation, namely, tax payments from operational profits made by residents outside the country and from personal labor service income exempted from taxation in the country or deducted from the amounts of tax to be paid. It is also stipulated in some agreements that the taxes deducted or exempted from the operational profits in accordance with the provisions of China's tax laws may be excused, offset, or exempted as if the tax amounts have not been deducted or exempted, and that the benefits derived from such investments as dividends, interest, and franchised charges collected in China, irrespective of whether or not taxes have been imposed on them, may be offset or exempted according to the fixed tax rates of 15 percent, 10 percent, or 20 percent respectively. These practices have ensured that foreign investors can really benefit from China's preferential taxation and have played a positive role in encouraging investments in China.

Shanghai Naval Technology Show Slated
OW2011113688 Beijing XINHUA in English
1303 GMT 19 Nov 88

[Text] Beijing, November 19 (XINHUA)—An international show featuring naval technology and shipboard electronics for the 1990s will be held in November next year in Shanghai.

This was made public here Friday [18 November] by Wang Ronsheng, vice-president of the China State Shipbuilding Corporation.

On display at the five-day event will be naval technology and equipment, including craft design and development, craft systems and equipment, weapons systems, tactical electronic equipment, medical technology and other related mechanical and electronic technology.

Technical exchanges will be held during the event and some world-renowned naval experts will be invited to lecture on naval strategy and tactics.

The show, to be co-hosted by Conmilit Press Ltd of Hong Kong and the China Society of Naval Architecture and Marine Engineering, is aimed at promoting multinational trade and economic and technological cooperation, according to Wang.

This will be a follow-up to the 1983 Natsedes show, which drew 60 exhibitors from various countries to Shanghai, home of the Chinese shipbuilding industry and headquarters of China's East Sea Naval Fleet.

Expedition Team Leaves for Antarctica
OW2111131188 Beijing XINHUA in English
1502 GMT 20 Nov 88

[Text] Qingdao, November 20 (XINHUA)—A Chinese expedition team left Qingdao, Shandong Province, for eastern part of the Antarctica this morning.

On board the ice-resisting ship "Polar" for the expedition are 40 crew members and 76 scientific workers. Sixty of them have been to the Antarctica before.

They are going to set up China's second Antarctic scientific expedition station at Prydz Bay in eastern Antarctica, to be named after Dr. Sun Yat-sen, as "Zhongshan Station." Sun is the forerunner of the Chinese democratic revolution.

Serving as an outpost for scientific surveys in interior Antarctica, the Zhongshan Station will be developed into a perennial observation station with a total floor space of 2,296 square meters, which can accommodate some 50 expeditionaries.

The "Polar" ship is expected to return to Qingdao on April 12 next year.

Delegation Attends Interpol Session in Bangkok
OW1811193488 Beijing XINHUA in English
1050 GMT 17 Nov 88

[Text] Bangkok, November 17 (XINHUA)—Senior police officers from the world over began their week-long discussions here today to concert efforts in suppressing internal and international crimes.

The meeting is the 51st Interpol (the International Criminal Police Organization) General Assembly session attended by delegates from 147 countries including China.

Opening the session, Thai Prime Minister Chatchai Chunhawan said that "it is well realized that crime is one of the most detrimental problems resulting to public security and peaceful existence of the nation."

He said, "Apart from fighting against internal problems on crimes, most countries have to face international criminal problems too. Criminals can flee from one country to take refuge in another country, or even to further commit crimes in other countries before eventually returning to and hiding in their own country."

The prime minister called on delegates at the session to concert their efforts in "mutual assistance and cooperation for the accomplishment of police activities of the world nations."

According to John R. Simpson, president of the Interpol Executive Committee, money laundering and organized crime will be two major areas of primary concern of the session.

During the past year, money laundering "has become very apparent that this crime is far more widespread than had been previously evident," he said. "I believe we can safely assume that money laundering now constitutes a major assault against the economic integrity and stability of many countries."

Simpson said that "organized crime is a malignant force that has already plagued the world for too many years" and proposed the establishment of a separate unit in Interpol to "fight against this major criminal force."

Interpol was set up in Vienna in 1923, to render assistance and cooperation in suppressing criminal activities in member countries.

BEIJING REVIEW Cited on Refugee Camps
OW1911075488 Beijing XINHUA in English
0226 GMT 18 Nov 88

[Text] Beijing, November 18 (XINHUA)—The latest issue of BEIJING REVIEW, to be published next Monday [20 November], devotes pages to a feature entitled

"Refugee Camps: Neighbours' Burdens" depicting sufferings of the Kampuchean and Afghan refugees and praising the humanitarian contributions made by Thailand and Pakistan.

The feature written by Yang Mu compares the refugee camps along the Thai-Kampuchean and Pakistan-Afghan borders and describes them as corridors exposing the wars of aggression and unveiling international humanitarianism.

It reads in full as follows:

The Vietnamese armed forces overran Kampuchea on December 25, 1978, and one year later, on December 27, 1979, the Soviet Union invaded Afghanistan. This is not coincidence but fulfillment of the same expansionist policy. People around these two warring "hot spots" fled to neighbouring countries, placing a heavy burden on Thailand and Pakistan who have won universal praise for their proper arrangement for the refugees and organization of international humanitarian aid. The refugee camps along the Thai-Kampuchean and Pakistan-Afghanistan borders have become corridors exposing the wars of aggression and unveiling international humanitarianism.

Between 1980 and 1986, I have been to the Thai-Kampuchean border more than 20 times as a reporter and witnessed the vicissitudes of the Kampuchean refugees. Towards the end of last October and in early November, I stayed in refugee camps on the Pakistan-Afghanistan border. The terrible plight of the refugees aroused my greatest fury. How long are these innocent people going to suffer?

It was in early 1980. Vietnamese troops advanced along the Kampuchean highways and forest paths, killing all and burning all. They drove several hundred thousand people into Thailand's eastern and northeastern parts. They had no shelters besides plastic-sheet tents put up on the bare ground. When the rain came, mothers with their emaciated children in their laps sat on a rock to be protected only by a wash basin that they placed on their heads. Later, they were accepted into camps put up with the help of the United Nations international humanitarian organizations. In June 1982 the Coalition Government of Democratic Kampuchea was founded, and the three anti-Vietnamese factions set up camps to receive refugees for a settled life. The U.N. and Thailand were left to take charge of a few large refugee camps.

During the peak days, there were 1 million refugees (including those in the camps) scattering along the border. With the assistance of the Thai Government and the U.N., around one-third of them have moved to Europe, America, and Australia, or returned home. The total number of refugees in the Thai border areas now stands at 300,000.

When I set foot in the Northwest Frontier Province of Pakistan, I was amazed at the number of refugee camps, which totalled 251. Together with Baluchistan, the two provinces housed 3.2 million Afghan refugees, which is 10 times more than those in Thailand. At present, the Afghan refugees need US 1 million [dollars] of international aid each day, half of which is offered by Pakistan. They seldom move again, either to a third country or back home. Only 80,000 of them have migrated to Europe and America. A Pakistan-based official from the office of the United Nations Higher Commissioner for Refugees said that since the Soviet Union pulled out its 50,000 occupation forces from Afghanistan last August, only some 200 refugees had returned home. However, people kept coming into Pakistan seeking asylum.

That is to say, the burden on Pakistan is heavy and long-standing. Under such circumstances, it has adopted a policy that is different from that of Thailand, the latter places a strict control over the refugees who are not allowed to travel or be employed inland. Job training courses are permitted to run inside the camps, as are self-supporting workshops and small shops. But the refugees are prohibited from engaging in stockraising of a permanent nature.

But it is very different in Pakistan, whose government follows an open policy. The refugees are issued an identification card so they may travel freely, be employed and settle down.

On October 24 when we were in Peshawar, we met Fabimullar Khattak, chief commissioner for Afghan refugees under the Government of Pakistan. During the interview, I asked, "Do you consider Afghan refugees a heavy burden on your country? What's the purpose of your open policy?"

He said with a smile, "The burden is heavy to be sure, but our people are happy about what they are doing. The refugees are Moslems. Many of them are Pashtuns and speak Pashto. That is to say, they share the same religious belief with the Pakistanis and belong to the same ethnic group of our people in the Northwest Frontier Province. It has been a tradition for people on both sides of the border to visit each other freely.

They have a close relationship between them. Our religion teaches us to help our brothers who are in trouble with all our might. How can we close our door? The refugees are allowed to open shops and handicraft workshops in Peshawar and other cities and towns. They are even permitted to buy land and houses by using the names of their relatives and friends in Pakistan.... You can see while you are in Peshawar what we mean by an open policy."

Peshawar, capital of Northwest Frontier Province, was a quiet town 10 years ago. However, its population shot up from around 300,000 to over 1 million, after the Soviet invasion of Afghanistan. The refugee population is four

times more than that of the local residents. It has become a veritable refugee city. When we took a walk along the street, we saw here and there groceries, carpet-weaving shops, and fruit and vegetable stalls run by the refugees. Many of the motor tricycles, horse carriages, and trucks also were owned by a few of them. Among the pedestrians, the refugees mixed well with the locals in physical features, clothing and language. The commissioner said that of every family in the refugee camps, there are one or two members working in Pakistan, totalling 1 million. This is a special feature of Pakistan's refugee policy.

However, the open policy has brought about some social problems. Our friends told us that fierce competition has unfolded between the local people and the refugees in transport and a number of commercial departments. Scuffles often took place between them in the street. Consequently, even employed refugees were longing to return home. Only a few who were rich had chosen to stay. The Pakistan people will be glad to see their Afghan brothers back home.

The war of aggression lies at the root of the refugee problem. People hope that after withdrawing half of its occupation forces, in compliance with the Geneva agreement signed on April 14, the Soviet Union will pull out all its troops in February 1989 as scheduled. This will be the most important prerequisite for the refugees to return to their own country.

When looking at the Kampuchean problem, we see nothing of an unconditional withdrawal of the Vietnamese troops. The Kampuchean refugee problem will come to an end when the Vietnamese authorities call off their policy of aggression and pull out all their troops from Kampuchea.

Paper on Filipino-U.S. Military Base Agreement
HK2211085488 Beijing GUANGMING RIBAO
in Chinese 24 Oct 88 p 4

[Newsletter by Chen Suizhi (7115 4840 0037), staff reporter based in Manila: "Behind the Compromise—a Brief Analysis of the Agreement, Reached Through Negotiation, on U.S. Military Bases in the Philippines"]

[Text] After more than 6 months of negotiations and heated bargaining, the military base agreement was finally reached between the United States and the Philippines on 18 October.

On 21 October, Philippine Foreign Secretary Manglapus flew back to Manila. At a news conference held at the airport he showed reporters a detailed list he had brought with him from Washington, which contained details of the annual U.S. compensation to the Philippines from 1990 to 1991 for continued use of the military bases. Compensation comprises the following three parts: 1) \$471 million in cash payment; 2) \$355 million in non-cash payment; and 3) \$390-480 million of the interest on foreign loans which have been reduced due to the above

two payments. The three parts total \$1,216 to 1,306 million. We may thus believe that this detailed list reflects the material basis of the compromise between both sides. As everyone knows, since President Aquino assumed power, the Philippines has achieved remarkable progress in economic affairs. The negative increase in 1986 has been turned into a positive increase of 7 percent at present. However, it is still difficult to make a fundamental change in only 1 or 2 years, following the awful mess left by the previous regime. Generally speaking, the economy of the Philippines is still rather weak. Investors are still taking a wait-and-see attitude. The unemployment rate has increased again, though it had declined. The country's foreign debt reached as high as \$29.5 billion. Each year, to pay back both principal and interest, some 31 percent of the foreign exchange earnings must be used. In order to solve these difficult problems, though its own efforts are most important, it is also necessary to use foreign aid. As pointed out by a well-known columnist: "The agreement means an injection of new vitality into economic growth."

According to observers' analysis, there is an even wider political background for compromise between the United States and the Philippines. When the negotiations between both sides entered the final stage, the U.S. presidential election also reached a high tide. Thus, the Philippine side had to consider a very realistic question: Would the new U.S. Government provide it with more favorable compensation than the Reagan administration? On the U.S. side, as early as 1983, Commander Adam Roberts of the U.S. Pacific Fleet, already said that if the United States lost the Subic and Clark bases, it would have to "pay high costs both politically and economically." According to his rough calculations, to shift the facilities from these two bases would take at least 5-6 years and cost \$2-\$4 billion.

While representatives from both sides were arguing endlessly over the issue, Soviet leader Gorbachev made a speech on 16 September, saying that if the United States gave up its military bases in the Philippines, the Soviets would also consult with Vietnam on giving up its navy depot at Cam Ranh Bay. Both the Philippines and the United States held that this proposal "should be discussed by the Philippine and U.S. Governments." Admiral William Crowe, chairman of the U.S. Joint Chiefs of Staff, held that this is an "exchange of unequal values" and refused to "consider it carefully." Judging from the current global strategic situation, the competition between the United States and the Soviet Union has gradually begun emphasizing "comprehensive national strength." However, military strength still occupies a very important position in the political arena. U.S. Secretary of State Shultz once said: The U.S. military bases in the Philippines are an organic part of the "equation of the U.S. global strategy." It is unrealistic to think that the United States will give up its Philippine bases easily or very soon.

There is another reason for the Philippines and the United States to reach a compromise on the use of the

military bases in the next 2 years. As it is stipulated in the 1947 military base agreement that before this agreement expires on 16 September 1991, any side that wishes to terminate the agreement should formally notify the other side 1 year earlier, there is no time for delay. As an authoritative person said: The agreement reached by both sides this time has "paved the way" for the next round of talks on continuing the agreement.

'Roundup' on U.S., EC Farm Subsidy 'Dispute'
OW2211064788 Beijing XINHUA in English
1317 GMT 21 Nov 88

["Roundup: U.S., West Europe Dispute Over Agricultural 'Zero Option'; (by Le Zude)"]—XINHUA headline]

[Text] Brussels, November 20 (XINHUA)—A new round of the dispute over the "zero option"—abolishing agricultural subsidies—has recently erupted between the United States and Western European nations.

U.S. President Ronald Reagan suggested last year that all subsidies for agricultural products be abolished by the year 2000 so as to create an entirely free trade market.

But the European Community (EC) strongly opposed such a "zero option," branding the suggestion "unrealistic," "impossible" and "unacceptable."

The United States reiterated that it would not change its position when members of the General Agreement on Tariffs and Trade (GATT) gather in Montreal, Canada for a council of ministers on December 6 this year, while EC said it would refuse to negotiate if the United States insisted on the "zero option" as its precondition.

The American proposal is regarded as the outcome of its increasing financial and trade deficit.

According to the EC's estimate, the U.S. Government has to provide 30 billion dollars in subsidies for its agriculture every year. The abolition of them will greatly relieve the financial burden, the EC maintains.

However, as West European nations and Japan all provide high subsidies for their agricultural products, the United States is worried that its products will be less competitive and finally be pushed out of the international market if it is to carry out the "zero option" on its own.

As the GATT ministerial conference draws nearer, the European Community has pointed out that the agricultural talks should take into account "market realities."

Following several consultations between West Europe and the United States in recent months, Washington has expressed its willingness to consider a short-term program put forward by the 13 farm products exporting organization, "Groupe Cairns." The program calls for a 10-percent reduction of agricultural subsidies annually before 1990.

However, the United States still insists on reaching a long-term program for eliminating all farm subsidies. Reagan said on November 17 that his country is willing to discuss, on the basis of a "flexible agenda," a plan to abolish subsidies for "distorting international trade" and other trade barriers.

Economic analysts said this shows that the United States will no longer uphold the 2000 deadline, while the EC has set short- and long-term goals: the volume of subsidies for grain, rice, sugar, oil bearing crops, milk products and beef will be "frozen" at the 1984 levels for the time being, then these subsidies would be cut through talks and the reduction in farm subsidies should impose "significant impact" on international trade.

Hungary, S. Korea Sign Joint Venture Accord
OW2211071188 Beijing XINHUA in English
0222 GMT 22 Nov 88

[Text] Budapest, November 21 (XINHUA)—An agreement on setting up two joint enterprises was signed here today between Hungary and South Korea.

The agreement, the first since Budapest and Seoul exchanged permanent representative offices this year, was signed by Sandor Demjan, chairman of the Hungarian Credit Bank and Kim U-chong, president of the Daewoo Concern of South Korea.

Under the agreement, a bank with 100 million U.S. dollars capital and a hotel company with 90 million dollars will be established, with each side taking up half of the share.

Hungary started setting up joint ventures with foreign countries in 1972 and it has attracted foreign capital of about 200 million dollars.

Today's agreement with South Korea provided Hungary with foreign capital of nearly 100 million U.S. dollars.

United States & Canada

Air Force Delegation Ends Visit to U.S.
OW1911094188 Beijing XINHUA in English
0845 GMT 19 Nov 88

[Text] Washington, November 18 (XINHUA) [dateline as received]—Honolulu: The Air Force delegation, led by Lieutenant General Zhu Guang, ended its friendly visit to the United States and left Honolulu for home today.

During the two-week stay, Zhu, political commissar of the Air Force of the Chinese People's Liberation Army, and his delegation met with U.S. Secretary of Defense Frank Carlucci and Secretary of the Air Force Edward Aldridge. They also visited the headquarters of U.S. Air Force, Air University, Kennedy Space Center, personnel center of Air Force, Air Force Training Command and Pacific Air Forces.

Sino-U.S. Joint Venture To Develop Gas Field
HK2211031688 Beijing CHINA DAILY in English
22 Nov 88 p 2

[By staff reporter Yu Yuancho]

[Text] Chinese and American oil companies have agreed in principle to jointly develop a large natural gas field with reserves of 100 billion cubic metres in the South China Sea.

The China National Offshore Oil Corporation (CNOOC) and Atlantic Richfield Company (Aroc) of the United States are scheduled to sign a second supplement agreement tomorrow on the development of the Ya 13-1 gas field in the Yinggehai Basin, south of Hainan Island.

Arco China Inc, a subsidiary of Los Angeles-based Arco, holds a 34 per cent interest in the development of the gas project and the coventurer is Kuwait Foreign Petroleum Exploration Company, which holds 15 percent interest through its subsidiary, Santa Fe Minerals (Asia) Inc.

CNOOC spokesman-Wu Xunduo told CHINA DAILY he expects the gas field will begin operation in 1993 with an annual output of 3.25 billion cubic metres. The maximum daily output will reach 500 million cubic metres.

Yinggehai Basin is evaluated as a very prospective gas proven region and even more natural gas reserves can be expected. He said Arco will drill two more test wells to further prove its reserves.

"The gas will be brought to onshore Hainan Island by a 100-kilometre subsea pipeline," Wu said.

The two parties agreed to supply 1.4 billion cubic metres of gas as necessary energy for many new ventures to be built on the island.

Another 1.85 billion cubic metres will be supplied to manufacture 1 million tons of liquid natural gas (LNG) for export to Japan.

Wu said that "the aim of building the LNG plant is to earn foreign exchange for Arco's recovery of its investment in the gas field."

The gas field was discovered by Arco China Inc in 1983. Marketing details were worked out last July when CNOOC president Zhong Yiming and Arco chairman Lodwick Cook met in Beijing.

He said Arco has also made some concessions on the gas prices and hoped the LNG plant could earn more for recovery of its investment.

But the Hainan authorities disagreed on the LNG plan, claiming that they could accept the whole output as supplies to the new ventures on the island. They will include a gas-fuelled power plant with a capacity of 50 kilowatts, a chemical fertilizer plant, a salt chemical plant, and glass and cement projects.

CNOOC president Zhong Yiming said as its second and third phases the gas field will supply gas to Guangdong and Hong Kong and extend the pipeline further north from Shenzhen along the coast.

U.S. Investment in Guangzhou City Increasing
HK1811151588 Beijing CEI Database in English
18 Nov 88

[Text] Guangzhou (CEI)—Investment from the U.S. businessmen in Guangzhou has been on the increase in recent years and 10 contracts on joint ventures and cooperative businesses have been signed since the beginning of this year.

To date, there are 25 joint ventures and cooperatively-funded enterprises run by American businessmen and Guangzhou City and the total investment amounts to 130 million U.S. dollars.

Of the investment from various countries and regions in the world in this city, that of the United States takes second place, next to Hong Kong and Macao.

Procter and Gamble (Guangzhou) Ltd., a joint-venture set up on June 6 with investment by a Chinese enterprise in Guangzhou and its U.S. and Japanese counterparts, turned out its first batch of high-grade shampoo on November 1.

The American investors in Guangzhou generally considered the city as an ideal place for them to invest in and their invested enterprises have generally obtained good economic results.

For example, Guang Tong Food Ltd., a Sino-American joint venture, went into production early last year and the Maxwell Coffee it made has brought 7 million yuan of profit.

The Guang Mei Foods Company Ltd., which is jointly run by the Beatrice Food Co. of the United States and the Guangdong Canned Food Factory, has also produced a profit of 7 million yuan since it went into operation.

The Guangzhou Orlando Helicopter Ltd. jointly run by the Orlando Helicopter Airways Inc. of the United States and the Guangzhou No 2 Machinery-Building Plant, has begun to export helicopters.

The products exported by the United Footwear Ltd. has brought the enterprise with American shares a profit 4.3 times that of its investment in the two years since it went into operation.

The economic results obtained by the Guangzhou Metal Container Packaging Ltd., an enterprise with an American business as shareholder, have surpassed all other Sino-foreign joint ventures in China since it went into production.

Shanghai Shipyard Makes First Boeing Hydrofoil
OW2211002188 Beijing XINHUA in English
0823 GMT 20 Nov 88

[Text] Shanghai, November 20 (XINHUA)—A Shanghai shipyard has successfully manufactured China's first set of hydrofoil by using technology imported from the Boeing Company of the United States.

According to a spokesman for the Qiuxin Shipyard, the hydrofoil (a winglike structure attached to the hull of watercraft), has already been ordered by a Hong Kong company, and the shipyard will send people to help install the hydrofoil.

Named 929-115 Boeing Hydrofoil, the hydrofoil is made of 2 parts—front and rear—which are made of stainless steel and titanium alloy respectively.

The manufacturing process and the final product have been examined by the American Bureau of Shipping, he said.

Bank of China Opens First Canadian Office
OW1911135388 Beijing XINHUA in English
0758 GMT 17 Nov 88

[Text] Toronto, November 16 (XINHUA)—The Bank of China today opened its first representative office in Toronto, Canada.

At a party this evening to mark the occasion, Li Yuming, vice chairman and senior executive vice president of the bank, introduced Tu Zhaohua, chief representative of the office, to the Canadian friends from various circles.

Li said along with the development of economic and trade relations between China and Canada, his bank will broaden its business relations with major Canadian banks and customers.

It is also making preparations for a new branch office and an affiliated bank in Canada, Li revealed.

The Bank of China, an authoritative financial institution, handles the government's foreign currencies, international accounts, credit and investment.

It has branches in Hong Kong, London, New York, Paris, Cairo, Singapore and Tokyo and representative offices in Frankfurt and Panama.

Canadian Delegation Leaves for Beijing 20 Nov
SK2111054288 Harbin Heilongjiang Provincial
Service in Mandarin 1000 GMT 20 Nov 88

[Text] After winding up its 3-day visit to our province, the agricultural delegation from Alberta Province of Canada left for Beijing by plane on the afternoon of 20 November.

During its sojourn in our province, the delegation held talks with responsible persons of the provincial animal husbandry bureau on the issues concerning import of stud stock, processing of livestock products, and creating foreign exchange through exports; and held talks with relevant departments on jointly developing the Sanjiang plain area.

Delegation From Canada Visits Jilin 19 Nov
SK2111054488 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 19 Nov 88

[Text] At the invitation of the provincial government, a 5-member delegation from Saskatchewan Province of Canada, headed by Mr (Green Maxwell), head of the youth culture and recreation center, arrived in Changchun by plane on 19 November to pay a friendly visit to our province.

Welcoming the delegation at the airport were (Liu Zhuming), deputy director of the provincial Cultural Department, and Liang Jichang, vice chairman of the provincial Foreign Affairs Office.

The delegation is here to hold talks with our province on developing cultural and sports items covered in the third plan for keeping contacts between the two provinces.

On the evening of 19 November at the Nanhu Guesthouse, Gao Wen, vice governor of the provincial government, met with all members of the delegation and held friendly talks with them.

Also present at the meeting were Li Jieche, chairman of the provincial foreign affairs office; Bi Kebin, president of the provincial Chinese People's Association for Friendship with Foreign Countries; (Liu Zhuming), deputy director of the provincial Cultural Department; and (Wang Fuyuan) vice chairman of the provincial Physical Culture and Sports Committee.

Soviet Union

Vice Premier Tian Meets Soviet Trade Delegation

OW2111141388 Beijing XINHUA in English
1313 GMT 21 Nov 88

[Text] Beijing, November 21 (XINHUA)—Chinese Vice-Premier Tian Jiyun today expressed the hope for more sharing of experiences in conducting reforms between China and the Soviet Union.

During his meeting with a Soviet trade delegation here this afternoon, Tian briefed the visitors on China's efforts to build up the special economic zone (SEZ) and open coastal cities.

The Soviet visitors arrived here November 19 to learn about China's reforms, opening to the outside world, and development of the SEZs.

As guests of the China Council for the Promotion of International Trade, they will also travel to Guangzhou, Shenzhen and Zhuhai in south China.

Vladimir Malikevich, chairman of the Soviet Chamber of Commerce and Industry and head of the delegation, described China's experience as "very valuable" to them. Briefing the Chinese vice-premier on the Soviet Union's economic reforms, he also expressed the hope of strengthening economic cooperation.

Science, Technology Exhibit Ends in Beijing

OW1811203288 Beijing in Russian to the USSR
1900 GMT 16 Nov 88

[Text] Our correspondents report: Activities connected with the Days of USSR Science and Technology ended 16 November in the PRC with complete success. Ruan Chongwu, executive vice minister of the PRC State Science and Technology Commission, and Vladimir Mazurkov, director of the USSR Science and Technology exhibition, made heartfelt speeches at a reception held during the evening of that same day.

Ruan Chongwu said: The large-scale activities of the Days of Science and Technology represent an important event in scientific and technical cooperation relations between the PRC and the USSR. It manifests the intermittent development of our bilateral scientific and technical cooperation. The Chinese and Soviet peoples treasure the feeling of friendship between themselves. I am deeply convinced that further successes will be achieved in the cooperation in science and technology and other spheres between our two countries.

Vladimir Mazurkov said: The Days of Science and Technology and the exhibition promoted the development of scientific, technical, and economic cooperation

between the Soviet and Chinese peoples. He expressed readiness to exert maximum efforts and energy to ensure tremendous success for the forthcoming Days of Chinese Science and Technology.

The Days of Soviet Science and Technology attracted about 150,000 visitors. Seven days were devoted to various branches of industry. More than 1,000 Chinese specialists listened to reports and lectures by Soviet scientists. A profound scientific exchange took place between the colleagues of the two countries. Detailed discussions and consultations between representatives of various scientific and technical circles were held on a number of specific topics of cooperation.

Northeast Asia

Japan's Takeshita Meets China Committee Members

OW2211112188 Beijing XINHUA in English
1526 GMT 21 Nov 88

[Text] Tokyo, November 21 (XINHUA)—Japanese Prime Minister Noboru Takeshita said today Japan will not re-emerge as a military power and will continue its efforts of peace development.

Japan will continue to stick to its peace Constitution and follow its policy of self-defense based on reflecting over wartime action, Takeshita told members from both sides of the China-Japan 21st Century Friendship Committee.

The prime minister said the 1972 joint statement, the 1978 peace and friendship treaty, and the four principles—peace and friendship, equality and mutual benefit, mutual trust and long-term stability—for developing bilateral ties are the basis for solving all problems existing between Japan and China.

The committee closed an annual session Sunday after discussing issues on bilateral cooperation in political, economic, technological and cultural fields.

Program Exchange With Japanese TV Stations

OW1911143088 Tokyo NHK General Television
Network in Japanese 0300 GMT 17 Nov 88

[Text] The Nagoya NHK Television Station and the Nanjing Television Station from Nanjing City of China today signed an agreement on mutual broadcasting cooperation in a ceremony held in the Nagoya Television Station in Nagoya City's Higashi District. Three Chinese delegates, including Nanjing Television Station Director Ku Jiaqiu, and Nagoya NHK Television Station Director Masami Obata and others attended the ceremony. Both sides signed and exchanged notes on mutual broadcasting cooperation which were written in Japanese and Chinese.

Major contents of the notes call for exchanges in local news and programs, mutual cooperation in program production, and satellite relay. After signing the notes Director Ku said that the exchange of the notes is a great event in China's open-door policy. I want the world to understand Nanjing through this cooperative arrangement. Both sides then exchanged remembrances. The Chinese side presented a hanging calligraphy scroll that said television programs are produced and exchanged with the same mind although nations are different. The scroll was exhibited at the ceremony.

Zhejiang Governor Meets Japanese Friendship Group
OW1811211088 Hangzhou ZHEJIANG RIBAO
in Chinese 10 Nov 88 p 1

[Text] Governor Shen Zulun met and feted several Japanese friends, including Koichi Inoue, president of Shizuoka's Japan-China Friendship Association, at the Xihu State Guesthouse last night.

At the banquet Governor Shen Zulun praised Mr Koichi Inoue and Shizuoka's Japan-China Friendship Association for their efforts in promoting exchanges and cooperation between Shizuoka's medium and small enterprises and Zhejiang's village and town enterprises. He hoped and believed that the Alfa Tools Company Ltd, the first Zhejiang Province-Shizuoka Prefecture joint venture, will soundly grow and develop.

He said: What touches our hearts is that upon learning that Zhejiang Province was hit by severe natural disasters this year, people from all walks of life in Shizuoka Prefecture launched a drive to help Zhejiang's disaster areas. The donation drive jointly launched by the Shizuoka Japan-China Friendship Association, "SHIZUOKA SHIMBUN," and the SBS (the Shizuoka Broadcasting System) was especially effective. The Shizuoka people's deep sympathy has greatly stimulated Zhejiang people's morale. We think this friendship is most valuable. On behalf of the Zhejiang people, I would like to express sincere gratitude to Shizuoka's people, especially Masamitsu Oishi, "SHIZUOKA SHIMBUN" board chairman, and Koichi Inoue who played important roles in the donation drive. Governor Shen Zulun also asked President Koichi Inoue to convey the Zhejiang people's gratitude to Governor Tsuyoshi Saito and Shizuoka's people.

President Koichi Inoue indicated his intention to make more efforts to promote friendly cooperation between Shizuoka Prefecture and Zhejiang Province in the future.

Relevant provincial officials, including Wang Jiayang, Zhao Jiafu, and Zhang Yaode, attended the meeting and banquet.

Before the meeting, Hangzhou's Huaxing Company and Shizuoka's Alfa Company formally signed an agreement establishing the Alfa Tools Company joint venture in Hangzhou.

During its Zhejiang tour, the Shizuoka delegation, which came here to inspect Zhejiang's village and town enterprises, attended the 2d plenary meeting of the Committee on Cooperation and Exchanges Between Zhejiang's Village and Town Enterprises and Shizuoka Prefecture. They discussed matters concerning promoting friendly cooperation and exchanges in the future.

Jiangxi Governor Meets With Japanese Delegation
OW2111002588 Hefei JIANGXI RIBAO in Chinese
9 Nov 88 p 1

[Excerpts] A 26-member Japanese goodwill delegation from Okayama Prefecture arrived in Nanchang on 8 November. The delegation is led by Makato Ofuji, chairman of the Okayama Japanese-Chinese Friendship Association, with Kiyoto Hanafusa, deputy governor of the prefecture, as its deputy head.

The delegation is in Jiangxi to preside over the opening ceremony of the Okayama Prefectural Cultural Exhibition scheduled for 9 November at the provincial industrial arts hall.

On the evening of 8 November, Governor Wu Guanzheng received the delegation at the Jiangxi Guesthouse. [passage omitted]

Wu Guanzheng said: Friendly exchanges between Jiangxi and the Okayama Prefecture have experienced further development in recent years. This is particularly true since June of this year when a delegation from the Jiangxi Provincial People's Government visited your prefecture. We were deeply impressed by the warm hospitality accorded to us by all circles, including Governor Shiro Nagano. The Chinese and Japanese will be friends generation after generation. This is an irreversible historical trend. It is our common wish to develop friendship and economic and technological cooperation between Jiangxi and Okayama, and we will continue to work hard to realize it.

Deputy Governor Zhang Fengyu was also present at the meeting.

Wu Guanzheng Opens Japanese Cultural Exhibition
OW1911202388 Nanchang JIANGXI RIBAO
in Chinese 10 Nov 88 p 1

[By reporter Zhuo Fan]

[Excerpts] A cultural exhibition of Okayama Prefecture, Japan, opened in the Jiangxi Handicraft and Fine Art Gallery on the morning of 9 November. Jiangxi Governor Wu Guanzheng and Messrs Makoto Ofuji and

Kiyoto Hanafusa, head and deputy head of the goodwill visiting group of Okayama Prefecture, attended the opening ceremony and cut the ribbon for the exhibition.

Huang Futian, deputy director of the Foreign Affairs Office of the Jiangxi Provincial Government, presided over the opening ceremony. Vice Governor Zhang Fengyu spoke at the ceremony. [passage omitted]

Also present at the opening ceremony were responsible persons of the provincial departments and Nanchang City departments concerned. The exhibition is scheduled to close on 18 November.

Cultural Exchange Plan Signed With DPRK
OW1811200588 Beijing XINHUA in English
1048 GMT 17 Nov 88

[Text] Pyongyang, November 17 (XINHUA)—The Democratic People's Republic of Korea and the People's Republic of China today signed a plan of cultural exchange from 1989 to 1990.

Under the plan, 70 Chinese students and 160 Korean students will be sent to each other's countries in the next 2 years.

China and Korea will also exchange visits by educational, cultural, and artist delegations, as well as books, films, and data on science and technology during the period.

The plan was signed by head of the Chinese cultural delegation and Deputy Minister of Culture Ying Ruocheng and Korean Vice Chairman of the Committee for Foreign Cultural Relations O Mun-han on behalf of their respective governments.

The Chinese delegation arrived in Pyongyang on November 15 and will return home tomorrow.

Sports Protocol Signed With DPRK 17 Nov
OW1811194488 Beijing XINHUA in English
0816 GMT 17 Nov 88

[Text] Pyongyang, November 17 (XINHUA)—China and the Democratic People's Republic of Korea signed a sports exchange protocol for 1989 here today.

Under the protocol, the two countries will exchange visits of teams in sports like soccer, table tennis, basketball, volleyball, athletics, swimming, weightlifting, gymnastics, and shooting.

DPR [Democratic People's Republic] Korea also expressed its hope to participate in the international invitationals staged in China as rehearsals for the 1990 Beijing Asian Games.

North, South Korean Lawmakers Resume Talks
OW181155188 Beijing XINHUA in English
0823 GMT 17 Nov 88

[Text] Beijing, November 17 (XINHUA)—Ten lawmakers from both sides of Korea resumed talks today on clearing the way for parliamentary negotiations on a nonaggression pact. The two sides remain divided on an agenda and format.

It was the sixth in the current series of inter-Korea contacts which started on August 19. The meeting was held at the Peace House on the southern side of the truce village of Panmunjom, 56 km north of Seoul.

Delegates from the two sides last met on October 14 when they again failed to reach agreement on how to handle parliamentary talks.

Chon Kum-chol, chief delegate of the Democratic People's Republic of Korea (DPRK), made a compromise offer at Thursday's [17 November] meeting, according to reports reaching here from Seoul today.

He suggested that there be an opening session to be held in Pyongyang within a month after the preparatory talks end, business sessions to discuss basic issues, and a closing ceremony.

He proposed that the first business session be held in Seoul within a month after the opening ceremony and then alternate between Pyongyang and Seoul at 1-month intervals until full agreement is reached.

He, who at the last meeting insisted that the DPRK have a larger representation at the joint North-South conference, said today that the participants attending the business sessions may be brought down to 50 each side.

On the agenda, Chon stuck to his previous proposal that the conference would discuss only the question of a joint nonaggression declaration and arranging exchanges and cooperation.

Pyongyang, meanwhile, has proposed high-level political and military talks with Seoul. DPRK Prime minister Yi Kun-mo sent a letter to his South Korean counterpart, Yi Hyon-chae, Wednesday asking that such a meeting be held in mid-December.

Southeast Asia & Pacific

Premier Li Peng Continues New Zealand Visit

Welcomed by David Lange
OW2211013288 Beijing XINHUA in English
0113 GMT 22 Nov 88

[Text] Wellington, November 22 (XINHUA)—Chinese Premier Li Peng was honored at a welcoming ceremony presided over by New Zealand Prime Minister David Lange here today.

The ceremony was held in the square in front of the Parliament buildings with New Zealand and Chinese flags flying in the breeze.

At about 10:00 a.m. [2200 GMT], Li arrived at the square and was greeted by Lange and his wife.

The ceremony began with the playing of the Chinese national anthem. After a 19-gun salute was fired, Li inspected an honor guard.

Later, Li, accompanied by Lange, met Thomas Kerry Burke, speaker of the House of Commons of New Zealand, who was present at the ceremony. Li also introduced Lange to his entourage, including Chinese Foreign Minister Qian Qichen.

After the ceremony, Lange and Li entered Parliament to begin their talks.

Addresses Wellington News Conference

OW2211072288 Beijing XINHUA in English
0659 GMT 22 Nov 88

[Text] Wellington, November 22 (XINHUA)—Visiting Chinese Premier Li Peng said here this afternoon "If the Vietnamese can produce a timetable for the withdrawal of its troops that is satisfactory to all parties, and at the same time can subject its military pullout under the international supervision, then the military assistance to all the four parties in Kampuchea must and also can be gradually reduced and even totally stopped."

"What I mean here is a genuine pullout," he said.

Speaking at a press conference, he said China hopes to see a just and reasonable solution to the Kampuchean question as soon as possible, and the key to the settlement is the total withdrawal of Vietnamese troops from the country.

He said that at present, some countries in the world, including China, are providing the three resistance forces in Kampuchea with some military assistance, and the purpose of which is for resisting the Vietnamese invasion.

If the Vietnamese can pull out all their troops from Kampuchea, he said, the question of such military assistance will no longer be necessary.

Under such circumstances, he said, all foreign military assistance, not only to the three resistance forces but also to all the four forces, should be stopped.

When asked if China will support Samdech Norodom Sihanouk as a possible leader of Kampuchea after the Vietnamese pullout, Li said "Of course we support him."

He pointed out that China does not support any single party to assume the power exclusively in the future Kampuchean government—neither Khmer Rouge's, nor Heng Samrin's—but a quadripartite coalition government under the leadership of Prince Sihanouk.

Views South Pacific Ties

OW2211082288 Beijing XINHUA in English
0807 GMT 22 Nov 88

[Text] Wellington, November 22 (XINHUA)—Visiting Chinese Premier Li Peng said here today that China wishes to see not only the development of its mutually beneficial relations and cooperation with the South Pacific countries but also peace and stability in the region.

In a speech at a state luncheon hosted in his honor by New Zealand Prime Minister David Lange, Li, who is here on a four-day official goodwill visit to the country, said, "China is and will remain a sincere friend and a friendly and cooperative partner to the South Pacific countries."

"As a neighbor of this region," he said, "China takes great interest in its peace and development. We support the domestic and external policies that the South Pacific countries have formulated in accordance with their respective national conditions. We support their positive propositions for strengthening the regional cooperation and revitalizing the regional economy. We support the South Pacific Forum in its unremitting effort to maintain peace and stability and enhance the unity in the region. We support the reasonable demands by the South Pacific countries in establishing the South Pacific nuclear-free zone. We also support the South Pacific countries in their endeavor to develop friendly relations with other countries in keeping with their own interests."

The South Pacific Forum is the only political body governing countries in the South Pacific region.

He praised the New Zealand people for their efforts and achievements in safeguarding national independence, sovereignty and dignity, and developing the national economy and culture. "The pioneering and enterprising spirit displayed by your people in nation-building has commanded our admiration," he said.

He noted that "Over the past few years, New Zealand, under the leadership of Prime Minister Lange, has energetically promoted economic reform, attached importance to improving economic performance and strived to raise the people's living standard, and achieved gratifying results."

"Your government commits itself to the maintenance of world peace, opposes the arms race and stands for the establishment of a new international economic order. It

has actively participated in the cooperation in the South Pacific region and played an important role in maintaining its peace and stability," he told the about 200 guests attending the luncheon.

On Sino-New Zealand relations, Li reviewed the development of political and trade ties and economic and technological cooperation between the two countries. He expressed the conviction that with the success of China's reform and the growth of its economy, there will be even broader prospects for China's all-around cooperation with New Zealand and other friendly countries.

Meets Prime Minister Lange

OW2211085488 Beijing XINHUA in English
0828 GMT 22 Nov 88

[Text] Wellington, November 22 (XINHUA)—Visiting Chinese Premier Li Peng and New Zealand Prime Minister David Lange today expressed their satisfaction with the growth of friendly bilateral relations between China and New Zealand.

In their talks held here today, the two prime ministers also pledged to further the two countries' friendship and cooperation in various fields.

Li, who is on an official goodwill visit to New Zealand, and Lange shared the opinion that bilateral trade has registered big increases and has new and more chances for further growth.

They held that the two countries can conduct technological exchanges in the fields of industry, agriculture, animal husbandry and forestry. China and New Zealand can also make investment in each other's country and run joint ventures, they said.

At the request of Lange, Li briefed him on China's views on a wide range of issues concerning the international situation.

Li said China welcomes the trend of relaxation in the world.

Lange said that the present world should be one in which the developing countries are free from worries in developing their countries. He said New Zealand's proposal for the establishment of a South Pacific nuclear-free zone constitutes New Zealand's contribution to world peace, adding that New Zealand thanks the Chinese Government for its support to such endeavors.

The two prime ministers described their countries as "reliable friends" to each other.

They also briefed each other on their respective countries' economic development.

Investment Pact Signed

OW2211080488 Beijing XINHUA in English
0228 GMT 22 Nov 88

[Text] Wellington, November 22 (XINHUA)—An investment protection agreement between the Chinese and New Zealand Governments was signed here today. The signatories are visiting Chinese Premier Li Peng and New Zealand Prime Minister David Lange.

The agreement provides investors from both countries with assurances of non-discriminatory treatment, transferability of funds, compensation in the event of expropriation and dispute settlement procedures.

Lange said in a press statement that the main objective of the agreement is the promotion and protection of investments between the two countries.

The agreement is the first of its kind concluded by New Zealand. China has over 20 similar agreements with other countries.

"The signing of today's agreement will promote further investment initiatives in both countries," Lange said.

He also said that the agreement will put investors in both countries on an equal footing with their trading competitors.

China has five investment projects in New Zealand, involving 3.84 million U.S. dollars. While New Zealand has put about 6.4 million U.S. dollars into 13 projects in China.

Meets Governor General

OW2211093088 Beijing XINHUA in English
0849 GMT 22 Nov 88

[Text] Wellington, November 22 (XINHUA)—Visiting Chinese Premier Li Peng called on Sir Paul Reeves, governor-general of New Zealand, and Lady Reeves at the Government House here today.

Li, accompanied by Chinese Foreign Minister Qian Qichen, was warmly greeted by Sir Reeves and Lady Reeves and they had a cordial conversation.

The Chinese premier arrived here Monday [21 November] on the second stop of his four-day visit to New Zealand, the last leg of Li's three-nation, two-week Asia-Pacific tour that has already taken him to Thailand and Australia.

Lange Addresses Banquet
OW2211125388 Beijing XINHUA in English
1239 GMT 22 Nov 88

[Text] Wellington, November 22 (XINHUA)—New Zealand Prime Minister David Lange said today that it is "difficult to imagine anything less than the full and friendly relationship" New Zealand and China have enjoyed since the two countries established diplomatic ties 16 years ago.

Speaking at a state luncheon he hosted in honor of visiting Chinese Premier Li Peng, who is here on a four-day visit to New Zealand, Lange said the beginning of a new relationship between the two countries in 1972 was a matter of more than just diplomatic significance.

"In a sense our establishment of diplomatic relations signified an overdue but essential acknowledgement of China's place in Asia," he said.

New Zealand as a new society and China, with its ancient civilization, as an old society are both at the stage of nation-building, he said, adding, "the pioneer spirit is still alive in both countries. That gives us solid common ground."

He said that New Zealand's historical link with China goes back to nearly 200 years ago when the earliest market for timber and seal skins harvested around the country's coasts was China.

He noted that China today is in fact New Zealand's fifth largest market and its single largest market for wool.

Prime Minister Lange also expressed admiration for China's efforts to modernize its economy. "It is an ambitious task," he said, adding China and New Zealand have faced some of the same issues. He said it is essential that the two countries both adjust and adapt to meet the challenges of a dynamic Asia-Pacific region in the 1990s with common interests.

Lange said New Zealand welcomes the apparent lessening of the tension that has long affected certain parts of the Asia-Pacific region. "While we do not underestimate the very real differences that still exist we have been pleased to note the trend towards dialogue," he declared.

Comments on Trade
OW2211132988 Beijing XINHUA in English
1246 GMT 22 Nov 88

[Text] Wellington, November 22 (XINHUA)—Visiting Chinese Premier Li Peng assured New Zealanders today that China's efforts to improve its economic environment and rectify its economic order in the next couple of years "will not adversely affect trade with New Zealand."

At a press conference, he said the impression he got from his talks with Prime Minister David Lange this morning is that his visit "will play a promotive role in the further development of bilateral economic and trade cooperation."

He believed trade between the two countries will see some increase next year.

There is no question, he maintained, that China will become a stable buyer of New Zealand's wool on a long-term basis.

China is now New Zealand's largest wool buyer, taking up about 20 percent of its total exports, which contribute largely to New Zealand's national income.

Li said he anticipated growth also in China's purchase of New Zealand's forestry products, pulp and paper.

Li said although China could not expect an absolute balance in bilateral trade due to the fact that China is largely taking in raw materials from New Zealand, it does hope to increase its exports to New Zealand. The bilateral trade is now much in New Zealand's favor.

Honored at Reception
OW2211134788 Beijing XINHUA in English
1325 GMT 22 Nov 88

[Text] Wellington, November 22 (XINHUA)—Visiting Chinese Premier Li Peng and Mayor of Wellington James Belich promised here tonight to further develop the friendly relations between the New Zealand capital of Wellington and the coastal city of Xiamen in south-east China.

At a reception given in honor of Li at the town hall, Belich said, "We made many friends, and I hope we opened many doors for future trade between our two cities and our two peoples" when he led a civic, cultural and trade delegation to Xiamen two and a half months ago.

Wellington and Xiamen established a sister-city relationship in June 1987.

The mayor asked for Li's support in further consolidating and developing the existing friendship between the two cities and between the two countries.

The Chinese premier, who arrived here Monday [21 November] on the second stop of his four-day visit to the South Pacific island nation, said "The friendship between Wellington and Xiamen can be further promoted and this friendship is also a symbol of friendly relations between the two countries."

Xiamen, one of the four special economic zones in China, epitomizes China's reform and open policy, he said.

The purpose of establishing these special economic zones, he said, is to use them as "the windows" to the outside world, through which China absorbs foreign countries' advanced technologies and managerial expertise, and strengthens exchanges between the Chinese people and other peoples in the world.

Li Peng will fly to Auckland tomorrow, the largest city of New Zealand, for a one-day stay before winding up his three-nation visit that has also taken him to Thailand and Australia.

Paper Reports Li Peng's Melbourne Dinner
OW2111173988 Beijing RENMIN RIBAO
in Chinese 20 Nov 88 p 6

[By reporter Xu Yuenai]

[Text] Melbourne, 19 Nov (XINHUA)—Premier Li Peng said at a welcoming dinner given by the Melbourne business community this evening that China sincerely hopes that, proceeding from a long-term point of view, Australian Government and business circles, especially companies and enterprises long engaged in economic and trade relations with China, will continue to take active measures to help us increase our exports so that two-way economic relations and trade may progress even more smoothly.

Li Peng said: There is a broad prospect and great potential for Sino-Australian trade relations. However, the large deficit remains an inhibiting factor not to be ignored in further two-way trade development. China's bilateral trade deficit has reached \$8.8 billion since diplomatic relations were established between China and Australia in 1972. This cannot be termed a small figure for China, a country rather short of foreign exchange.

Li Peng expressed gratitude for the Australian Government's support and assistance in restoring China's position as a signatory to GATT. He also pointed out: "At present some countries choose to ignore the reality that China has carried out a reform and opening up to the outside world policy for 10 years now and they still refuse to accept to this date China's restoration as a GATT signatory on the grounds that China's economy is still centrally planned. We find this very hard to understand. It is very praiseworthy for Australia to uphold justice and stick to the principles on this issue."

Li Peng briefed the Melbourne business community on China's achievements in the past 10 years of open policy and the economic problems now confronting it. Speaking about China's policy of "improving the economic environment, rectifying economic order, and comprehensively promoting in-depth reform" for the next 2 years, Li Peng stressed that "this will create even more favorable conditions for Sino-Australian economic and technological cooperation."

Touching on the Chinese investment environment, Li Peng said: China has already taken a series of steps in this regard. These include stepping up investment legislation formulation; formulating and implementing a series of preferential policies; striving to improve infrastructural and day-to-day service facilities; and effectively rectifying tedious formalities, low efficiency, bureaucratism, and other malpractices.

He said: As Sino-Australian economic and technological cooperation continues to grow, Australia's investment projects constantly increase. The agreed upon investments so far have totaled around \$150 million. However, China pins even greater hope on Australia in the area of funds cooperation.

Li Peng answered questions raised by the Melbourne business community concerning Sino-Australian trade development.

Thai Foreign Minister Refutes SRV Accusation
OW2211120588 Beijing XINHUA in English
1133 GMT 22 Nov 88

[Text] Bangkok, November 22 (XINHUA)—Thai Foreign Minister Sitthi Sawetsila said here this morning that the China visit by Chawalit Yongchaiyut, acting supreme commander of the Royal Thai Armed Forces and commander-in-chief of the Army is "our internal affair."

Sitthi made the statement in refuting Vietnam's accusation of the visit, according to the Thai News Agency.

Chawalit and his entourage left here for China this morning.

Sitthi said that Thailand is an independent and free nation and it is its own right to maintain contacts with whatever nation it likes.

Sitthi added that Chawalit's visit is "mainly for the armed forces" and it has "nothing to do with the solution to the Kampuchean problem."

A Thai Foreign Ministry spokesman yesterday termed the Vietnamese charge against Sino-Thailand military cooperation as "an interference in the internal affairs of Thailand."

'News Analysis' of SRV Peasant Demonstration
OW1911134588 Beijing XINHUA Domestic Service
in Chinese 1448 GMT 14 Nov 88

[News analysis entitled: "Cause of the Ho Chi Minh City Demonstration and Disturbance;" by XINHUA reporter Ling Dequan]

[Text] Hanoi, 14 Nov (XINHUA)—A disturbance was reportedly caused when more than 1,000 peasants recently came into Ho Chi Minh City to demonstrate.

The participants came mainly from the various provinces of southern Vietnam's Cuu Long [0046 7893] Plain. Although this demonstration was not large, it has been brewing for a long time and greatly shocked the various sectors of Vietnamese society and the diplomatic corps in Hanoi. The Communist Party of Vietnam [CPV] Central Committee Secretariat dispatched (?Nguyen Duc Tam) [7086 3237 1627], member of the CPV Central Committee Political Bureau and secretary of the CPV Central Committee Secretariat; and Le Phouc Tho, secretary of the CPV Central Committee Secretariat in charge of rural work, to Ho Chi Minh City on 10 November to analyze the situation and discuss countermeasures with responsible persons from party committees and governments of Ho Chi Minh City and the nine provinces of Cuu Long Plain.

The explanation given by official papers in Hanoi was: "Over the past 10 days peasants from some provinces in Cuu Long Plain have come to Ho Chi Minh City to appeal to central authority organs located in the city. A majority of the peasants' appeals are indeed demands connected to the land issue. A minority of the peasants' appeals have nothing to do with the land issue but are concerned with the lack of democracy in the countryside and the masses being bullied and oppressed. A small number of people having nothing to do with the issues have mingled among the peasants to incite them."

The fuse that touched off this disturbance in Ho Chi Minh City appears to be land disputes in the countryside. In April this year the CPV Central Committee Political Bureau adopted, after a long debate, a resolution on reforming the agricultural management structure. This resolution introduced a new contract policy in the countryside which in simple terms means assigning farm output quotas to individual households. Overall the peasants welcomed this policy. It aroused the peasants' enthusiasm to a certain degree. Vietnam experienced a bumper rice harvest this year. Although this is due in part to the absence of serious natural disasters in most regions, implementation of the countryside's new contract system also played an important part.

Land is the peasants' most important means of production. Before the new contract system's introduction, peasants in many areas were unable to bear the heavy tax, high procurement quota, and exploitation from "new local tyrants." They opted to "return the farmland" to cooperatives. However, after implementation of the new contract system, land regained its importance among the peasantry. Land disputes in many regions, particularly in the southern provinces, have become increasingly serious.

After southern Vietnam's liberation the authorities introduced a policy of "large scale production," eagerly organized state farms and "production groups," and forced the peasantry to join cooperatives. The military and peasantry competed with each other for land. The "new economic zones" also occupied limited land

resources in mountainous regions. These policies seriously dampened the peasants' enthusiasm to produce. The new contract system's implementation, based mainly on assigning farm output quotas to individual households, necessitated the redistribution of land-use rights. As a result, land disputes began to crop up. The peasants and masses' discontent was especially aroused when a group of cadres used their authority to help their families and relatives occupy extra and better land. Some local authorities added fuel to the fire by resorting to arrest and suppression of the discontented masses.

On 31 August the CPV Central Committee Political Bureau issued its "Instructions on Solving Some Urgent Land Issues." On 12 and 17 September the CPV Central Committee Secretariat convened a conference in Hanoi and Ho Chi Minh City for principal responsible persons of provincial and municipal party committees to discuss the implementation of the said "Instructions." Nguyen Van Linh, general secretary of CPV Central Committee, attended the conference in Ho Chi Minh City and made a speech.

However, the CPV party paper NHAN DAN contended that the various localities and levels' understanding of the CPV Central Committee Political Bureau "resolution" and "decisions" has been varied. "Actions by cadres and party members in some localities have been negative. They are selfish; bent on reaping profits for themselves, their families and relatives; refuse to correct themselves; bully and oppress the masses; and have used administrative orders against the people. Some localities have also arrested people indiscriminately. These actions have aggravated land disputes in the countryside.

A well-informed diplomat here said: "It should be noted that the peasants who demonstrated in the city did not come from impoverished or grain-short regions but from the rather affluent Cuu Long Plain and the largest city of Ho Chi Minh City. The demonstrators' main demands are not economic but political."

One observer argued: Although this disturbance in Ho Chi Minh City was not large, its impact must not be underestimated. After 1975 the Vietnamese authorities' domestic and foreign policies led the nation and its people into poverty. Even though the new CPV leadership since the sixth CPV Congress has advocated reform, old bad practices die hard; it has produced little effect. The Vietnamese leaders and papers admitted: The party is losing more and more of the masses' trust. "The disturbance in Ho Chi Minh City was not an accident, but a small explosion caused by all sorts of social contradictions and discontent.

'Roundup' Examines Aquino Government Record
OW2211050488 Beijing XINHUA in English
0637 GMT 20 Nov 88

["Roundup: First 1,000 Days of Aquino Government (by Zhai Shuyao)"]—XINHUA headline]

[Text] Manila, November 20 (XINHUA)—The Philippines' political situation is tending to improve and the

economy to recover as President Corazon Aquino celebrates her first 1,000 days in office on November 21.

Contrary to certain earlier predictions that she would not last long, the nation's first woman president has survived five coups and has been firming up her rein on government since she assumed the top political post in a civilian-backed military uprising in February 1986.

On the political arena, she has put up a new Constitution and restored a constitutional government that replaced the 20-year regime of ousted President Ferdinand Marcos. This appears to be a major achievement of the Aquino administration. A new bicameral congress is now functioning. The elections of new officials of the country's 42,000 townships will be held.

Having withstood the trials of the series of coups that culminated in the biggest and bloodiest putsch ever on August 28, 1987, the Aquino administration has considerably weakened the threats of the forces still loyal to Marcos and other opponent forces in the military.

Under the Aquino administration, the national economy is now on an upturn after 3 consecutive years of negative growth during the waning years of the Marcos regime.

Business confidence has been somewhat restored after her administration instituted a spate of economic reforms. It has dismantled the agricultural monopolies formed by the former associates of the deposed president, allowed market forces to operate freely and restructured the country's tax system.

Economic indicators are quite encouraging: the GNP has turned positive to 0.13 percent in 1986, 5.7 percent in 1987, 6.8 percent for the first half of 1988.

The Inflation rate has remained single digit since the president assumed power. The international reserve has raised some concerns, as it stood at around only 1.8 billion U.S. dollars. But this is much better than the 300 million U.S. dollar reserve [words indistinct] time the administration took over.

The comparatively stable political situation and growing economy have somehow encouraged foreign investors to pour new investments into the country. Trade and Industry Secretary Jose Concepcion has reported that a total of 1 billion U.S. dollars in new investments has been recorded for the first 9 months of this year. This is the highest investment level the country has ever had since 1945.

Mrs. Aquino's successful visits to ASEAN countries, Japan, the U.S., Europe, and China are among her tangible diplomatic achievements.

The recently-concluded Philippine-U.S. memorandum of agreement covering the remaining 2 years of the U.S. military bases agreement would help improve the country's relations with one of the two superpowers in the world.

However, political observers here noted that President Aquino seemed to be irresolute and hesitant in changing the nation in her first 1,000 days in office.

On what she had learned in the past 2 years and more, Aquino recently tried to explain this away and said to foreign reporters that she had known "one cannot institute reforms totally and right away."

As one of the biggest knotty problems Mrs. Aquino is still facing, mass poverty remains prevalent since about two-thirds of the country's population of 58 million live below the poverty line. About 10 percent of the country's workforce of 25 million are unemployed, while nearly 40 percent are underemployed.

Meanwhile, the two biggest political parties in the ruling coalition—the newly-formed Laban ng Demokratikong Pilipino (LDP or Struggle of the Democratic Filipino) and the Liberal Party—are locked in a bitter rivalry. Contradictions between the legislature and the executive branch have become apparent. Grievances continue to be aired from the military.

The past 1,000 days also saw the break-up and realignment of the major political actors in the 1986 military uprising. The then defense minister and now senate minority floorleader Juan Ponce Enrile and the then Vice-Chief of Staff of the Armed Forces and now Defense Secretary Fidel Ramos have parted ways. So were Mrs. Aquino and Vice-President Salvador Laurel. Ramos and Mrs. Aquino are now together. Enrile and Laurel have formed a new opposition group: the Union for National Action.

Some critics have criticized President Aquino for being too soft-hearted towards grafters among government officials and especially among her relatives. According to official figures, from 30 billion pesos (1.42 billion U.S. dollars) to 50 billion pesos (2.38 billion U.S. dollars) will be lost in graft and corruption a year. But no resolute measures have been taken to investigate complaints of graft and corruption and punish those having committed such crimes.

The country's debt burden of 28.9 billion U.S. dollars has also been considered one of the biggest issues the Aquino government must face until her term of office ends in June 1992. The national economy has to shell out at least 2.9 billion U.S. dollars in interest repayments alone every year until 1992.

In addition, export receipts are not increasing. The flow of concessional and commercial credits remains uncertain. The Government has projected a financial gap of about 8.4 billion U.S. dollars for the critical period 1988-1992.

The ambitious 10-year Comprehensive Agrarian Reform Program, considered one of the cornerstones of the Aquino administration to arrest rural poverty, is moving with difficulty and resistance.

The Aquino Administration must also confront the fate of the two U.S. military bases here since the military bases agreement will expire on September 16, 1991.

So the road ahead of President Aquino and her administration in the next half of her 6-year term is by no means smooth. She has to handle all these problems and give the Filipinos a better life before she fulfills her 6-year term of office.

Near East & South Asia

Indian Diplomats Arrive, Begin Discussions
HK2211092288 Hong Kong AFP in English
0905 GMT 22 Nov 88

[Text] Beijing, Nov 22 (AFP)—A high-level Indian diplomatic team has arrived here for five days of talks aimed at laying the groundwork for Indian Prime Minister Rajiv Gandhi's first trip to China in December, Western diplomats said Tuesday [22 November].

Indian Foreign Secretary K.P.S. Menon arrived here Sunday for talks aimed at laying a solid foundation for Mr. Gandhi's visit which will focus on the thorny Sino-Indian border issue, the diplomats said.

China and India fought a brief border war in 1962 and relations have been strained since.

An Indian Embassy spokesman here refused to comment on the contents of the five days of talks scheduled to end Friday.

The Chinese Foreign Ministry spokesman refused to provide the program for the Indian delegation because "the visit of the Indian foreign secretary is a working visit, not for state affairs."

Western diplomats here took the silence to mean the two sides were serious about obtaining concrete results from Mr. Gandhi's visit after walking away empty handed from eight rounds of border talks since 1981.

Sino-Indian ties have improved in recent years with exchanges of official, trade and political delegations, but the border question still looms large, observers said.

During Soviet leader Mikhail Gorbachev's recent visit to India, he stressed the importance of unity between an Asian power triangle of the Soviet Union, China and India.

Mr. Gandhi, however, gave no indication that China strongly figured in its future Soviet policy, calling Beijing "unimportant" in Indo-Soviet relations.

Egyptian President Meets NPC Delegation
OW2111235088 Beijing XINHUA in English
1517 GMT 20 Nov 88

[Text] Cairo, November 20 (XINHUA)—Egyptian President Husni Mubarak met here today the visiting Chinese delegation of the National People's Congress (NPC), headed by Liao Hansheng, vice chairman of the NPC Standing Committee.

After the meeting, Liao told XINHUA that he exchanged views with President Mubarak on bilateral relations and the Middle East issue. He also conveyed the compliments of Chinese leaders to the Egyptian President.

On ties between the two countries, Liao said that in the old days, Egypt and China had experienced similar sufferings, and now they are facing a common task, to develop their national economy and safeguard world peace.

He hoped that his visit to Egypt would push forward ties of friendship and cooperation between the two countries.

Talking about the Middle East issue, Liao said that China has always supported the just struggle waged by the Arab people, including the people of Palestine.

He voiced his congratulations on the success made by the Palestinian National Council during its recent session as well as the historic option it has taken.

Speaker of the Egyptian People's Assembly Dr. Refa'at al-Mahgub, who was present at the meeting, told XINHUA that during the talks between the Chinese NPC delegation and the Egypt's People's Assembly delegation, both expressed support for the resolutions adopted by the Palestinian National Council during its recent session in Algiers.

Speaker of the Egyptian Shura (Consultative) Council also met with the Chinese delegation here today.

Sub-Saharan Africa

Comoros President Abdallah Ends Visit

Zhao, Abdallah Meeting Viewed
OW1711120988 Beijing RENMIN RIBAO
in Chinese 16 Nov 88 p 1

[Text] Beijing, Nov 15 (RENMIN RIBAO)—Zhao Ziyang, general secretary of the CPC Central Committee, pointed out here today: Socialist countries must carry out reforms, otherwise the advantages of the socialist system cannot possibly be brought into full play.

While meeting with Ahmed Abdallah Abderemane, president of the Islamic Federal Republic of the Comoros, this afternoon at Zhongnanhai, Zhao Ziyang said: Reform has become a trend. It is, however, not easy to carry out reform. There are many difficulties. With no ready-made experience we need to explore and experiment. We cannot give up reforms in fear of difficulties. We can only solve difficulties by advancing reform. In fact, we are doing just that.

He said: We face the problem of inflation at present. However, China's reforms will not be halted. After all, the fundamental solution to inflation lies in reform.

On the international situation, Zhao Ziyang said: The current trend of detente emerging in the world has resulted, to a great extent, from the efforts of many medium- and small-sized nations to safeguard world peace. The era of a few big powers dominating world affairs is over. The vast majority of small- and medium-sized countries is playing an increasingly important role in the international arena.

Zhao Ziyang said: Strengthening China's unity and cooperation with Third World countries represents an important component of China's foreign policy. China is willing to make, together with the other vast majority of small- and medium-sized countries including Comoros, its due contribution to world peace and development.

President Abdallah spoke highly of China's reforms. He said: Despite the difficulties encountered, China will surely achieve greater progress and development.

Both guest and host expressed their satisfaction with the development of good bilateral relations. Zhao Ziyang said: Bilateral relations have developed well since diplomatic ties were established 13 years ago. His Excellency's current visit will further bilateral ties.

Abdallah expressed appreciation for the "warm and friendly hospitality" shown to him here, and asked General Secretary Zhao to convey the Comoran people's friendly feelings to the whole Chinese people. General Secretary Zhao Ziyang also asked President Abdallah to convey the Chinese people's friendly feelings.

Visits Hainan Province

OW1711190988 Beijing XINHUA in English
1303 GMT 16 Nov 88

[Text] Haikou, November 16 (XINHUA)—President Ahmed Abdallah Abderemane of the Islamic Federal Republic of Comoros arrived here this afternoon for a goodwill visit to this southernmost and youngest province of China.

Provincial Governor Liang Xiang greeted Abdallah at the airport.

In the company of Wei Jianxing, chairman of the Chinese Government Reception Committee and minister of supervision, President Abdallah visited the Haikou emulsion plant and the Haikou instant coffee factory. The subtropical province of Hainan is abundant in natural rubber and coffee.

Liang Xiang hosted a dinner for President Abdallah and his party this evening.

The Comoran guests are scheduled to visit a well-known Overseas Chinese-run farm tomorrow and then leave for Guangzhou in the afternoon.

Concludes Visit

OW2011065188 Beijing XINHUA in English
1117 GMT 18 Nov 88

[Text] Guangzhou, November 18 (XINHUA)—President Ahmed Abdallah Abderemane of the Islamic Federal Republic of Comoros wound up his week-long official goodwill visit to China and left here this noon.

Prior to his departure, Wei Jianxing, chairman of the Chinese Government reception committee and minister of supervision, conveyed telephone regards from Chinese President Yang Shangkun to the Comoran president, congratulating him on his successful tour of China.

Yang said that the meetings and talks between Abdallah and Chinese leaders would further deepen the understanding between the two countries and the friendship between the two peoples, and would help promote the progress of bilateral cooperation.

The Comoran president said he felt happy and satisfied with his visit to China and expressed his conviction that the bilateral friendly relations of cooperation would thus be further strengthened.

Abdallah and his party arrived here yesterday from Hainan Province and Governor Ye Xuanping of Guangdong Province hosted a banquet in honor of the Comoran guests later the same day.

Minister Qin Jiwei Meets Nigerian Counterpart

OW191111788 Beijing XINHUA in English
1215 GMT 18 Nov 88

[Text] Beijing, November 18 (XINHUA)—State Councillor and National Defense Minister Qin Jiwei said he hoped the contacts between the Chinese and Nigerian armies will continue when he met Lt. Gen. Domkat Ya Bali, Nigerian defense minister, here today.

General Qin gave a dinner for Bali at the Great Hall of the People tonight. He spoke highly of the healthy development of the friendly ties between the two countries and the armed forces in the past few years.

Bali and his party arrived here on 13 [November] for the second Beijing international defense exhibition. He told Qin that he was very interested in the China-made arms and equipment exhibited because they are both practical and cheap. He believed the Nigerian and Chinese armies could conduct wide-ranging cooperations.

Qin Jiwei, Djibouti Delegation Meet
OW2011112488 Beijing XINHUA in English
1217 GMT 19 Nov 88

[Text] Beijing, November 19 (XINHUA)—State Councillor and Defense Minister Qin Jiwei met with and hosted a dinner for a Djibouti military delegation led by Ali Meidal Waiss, chief of General Staff of the Djibouti armed forces, here tonight.

The Djibouti guests arrived in China on November 7. They have visited Beijing, Chongqing, Guilin, Guangzhou and Shanghai.

West Europe

Portuguese Assembly President Ends Visit

Leaves Guangzhou
OW1911112088 Beijing XINHUA in English
1316 GMT 18 Nov 88

[Text] Guangzhou, November 18 (XINHUA)—The Portuguese Assembly delegation headed by President of the Assembly Victor Crespo today ended the last leg of its six-day visit to China and left Guangzhou.

During his two-day stay in Guangzhou, capital of Guangdong Province neighboring Macao, Crespo reiterated that Portugal will faithfully adhere to the joint statement on the Macao issue signed by Portugal and China.

He said the joint statement has satisfyingly solved the Macao issue.

He noted that Macao and Guangdong Province enjoy a close cooperative relationship. And he said Portugal is willing to make efforts to promote constant prosperity and stability in Macao and Guangdong Province.

Departs Macao for Home
OW2211070988 Beijing XINHUA in English
1522 GMT 21 Nov 88

[Text] Macao, November 21 (XINHUA)—A delegation from the Portuguese National Assembly left here for home this afternoon after a 4-day stay in Macao.

The delegation, led by National Assembly President Victor Crespo, arrived here on November 18 following a visit to the Chinese mainland.

Crespo told a local legislative assembly special meeting that his delegation members' confidence in the future of Macao was enhanced through their China visit, having learned that China sincerely intends to fully implement the Sino-Portuguese Joint Declaration on Macao.

He stressed that the joint declaration has provided a stable and secure framework for the prosperity of Macao. All institutions in Portugal and Macao concerned must ensure the implementation of principles of the declaration, he said.

EC Protests Inexpensive Chinese Television Sets
HK1911034088 Beijing CHINA DAILY
in English 19 Nov 88 p 2

[By staff reporter Zhang Yu'an]

[Text] China is considering complaints from the European Economic Community [EEC] which claims it is selling low-priced television sets within the community, CHINA DAILY was told yesterday.

An AP report from Brussels said that the EEC claimed the China National Electronics Import and Export Corporation (CEIEC) of undercutting European prices by some 50 percent [sentence as published].

The EEC had previously criticized only South Korea for selling cheaper TV sets—it is now targetting the Chinese mainland and Hong Kong and is concentrating its attack on the CEIEC.

An official from the Ministry of Foreign Economic Relations and Trade (MOFERT) said that the ministry knew of the EEC's accusation and was considering the matter.

In the meantime, he said, measures were being taken in conjunction with domestic colour TV producers to look into the whole situation.

But he said that although Chinese-made colour TV sets are of reasonable quality, they do not match up to ones made in the West because they do not have so many functions. He said that for this reason their prices should be lower.

CEIEC vice-president Luo Kang agreed that Chinese-made sets cannot compete with Japanese or South Korean products on the EEC market because they are more old-fashioned, have fewer functions and lack remote control systems.

The CEIEC has in fact put up the prices of its products. The cost of a 14-inch set—for wholesale buyers—rose from around \$110 to \$115 in 1986 to between \$120 and \$130 in 1987. But consumers in EEC countries feel the prices are now too high and are trying to force them down again.

Luo said the CEIEC had not yet found an ideal price for its sets, but added that they were certainly not 50 percent cheaper than their Western counterparts as reported.

Luo said that in order to increase the price of Chinese-made products, the CEIEC and domestic TV producers are developing a new type of colour TV set which will match international standards and be more competitive on the EEC market.

He said China started to export colour TV sets to the EEC market in 1986. Last year, it exported 150,000 sets. This year it expects to export 180,000. About 150,000 have been exported so far this year.

He said the China Video-Audio Export Chamber of Commerce had been set up to oversee the TV export market and customers abroad [no closing punctuation as published]

Italian Delegation Arrives in Harbin

SK191111888 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 18 Nov 88

[Text] A 10-member delegation from the Italy-China Economic and Cultural Exchange Association, led by (Colombo) arrived in Harbin to pay a friendly visit to our province on 18 November. Mr (Colombo) is a member of the legislative assembly of the Italian Christian Democratic Party and president of the Italy-China Economic and Cultural Exchange Association. He has visited our country several times and is an old friend of our country's people.

In the afternoon, the Italian guests paid an official visit to the provincial People's Congress Standing Committee. Chairman Sun Weiben [as heard] held cordial and friendly talks with delegation leader (Colombo).

The distinguished Italian guests also paid an official visit to the provincial government. Vice Governor Chen Yunlin received them in a friendly atmosphere. President (Colombo) also gave Sun Weiben and Chen Yunlin his latest book "China Is Marching Towards 2000" as souvenirs.

East Europe

CPC's Rui Xingwen Meets Bulgarian Delegation

OW1911074788 Beijing XINHUA in English 1134 GMT 18 Nov 88

[Text] Beijing, November 18 (XINHUA)—Rui Xingwen, member of the Secretariat of the Central Committee of the Communist Party of China (CPC), met here today with Radoslav Radev, editor-in-chief of the Bulgarian WORKER'S CAUSE, and his party.

In a cordial conversation, Rui expressed his joy to note the steady development of Sino-Bulgarian relations in various fields. The CPC attaches great attention to its

relations with the Bulgarian Communist Party, he said, adding that the Chinese people are following closely socialist construction and reforms of Bulgaria and hope that its people will obtain even greater achievements.

Rui briefed the Bulgarian guests on China's situation in the past 10 years and the significance and purpose of its efforts in the next two years to improve the economic environment and rectify the economic order.

The Bulgarian guests came to China on November 6 at the invitation of China's PEOPLE'S DAILY. Radev said that since their arrival here, they have witnessed great achievements made by the Chinese people in their reforms and economic development. After their return home, they would publish in their newspaper what they have seen and heard in China, he added.

Radev expressed his hope that the cooperation between his paper and China's PEOPLE'S DAILY would be further enhanced.

Sports Protocol Signed With Bulgaria

OW2011113388 Beijing XINHUA in English 1156 GMT 19 Nov 88

[Text] Beijing, November 19 (XINHUA)—China and Bulgaria signed the sports exchange protocol for the coming 1989 here today.

Under the protocol, the Chinese side will send teams of diving, boxing, athletics, badminton, weightlifting and winter biathlon to compete in Bulgaria. The Chinese sports delegation and sports college observation group are to visit the Eastern European country next year.

In return, Bulgaria's four sports teams, including diving, gymnastics, boxing and athletics, will visit China, and a canoeing coach will come to help train Chinese rowers. A delegation of Bulgarian sports reporters is also scheduled to visit China.

The protocol was signed by Yuan Weimin, vice chairman of the State Physical Culture and Sports Commission of China, and Krum Asilchev, first vice-president of the Central Committee of the Bulgarian Physical Culture and Sports Union.

Rui Xingwen Meets Romanian Provincial Delegation

OW2111100288 Beijing XINHUA in English 0755 GMT 21 Nov 88

[Text] Beijing, November 21 (XINHUA)—Rui Xingwen, member of the Secretariat of the Chinese Communist Party Central Committee, met with a friendship delegation from Galatzi Province of Romania in the Great Hall of the People here this morning.

Led by Misu Dobrota, economic secretary of the Galatzi Provincial Committee of the Romanian Communist Party and vice-chairman of the provincial people's council, the delegation arrived in China November 7 at the invitation of the Hubei Provincial People's Government. Hubei and Galatzi established friendly ties in May last year.

Poland Publishes Deng's Selected Works
OW2111200488 Beijing RENMIN RIBAO
in Chinese 19 Nov 88, p 6

[Text] Warsaw, 15 Nov (XINHUA)—Selected Works of Deng Xiaoping: "China's Socialist Road," was published in Poland on 15 November.

The Polish version of the book was published by Poland's "Books and Knowledge" Publishing House. Included in it are 33 articles and speeches released by Deng Xiaoping in 1958-1987 and an article entitled "To Polish Readers" written by Deng Xiaoping especially for the publication of the book.

"China's Socialist Road" carries colored pictures of Deng Xiaoping and his biography. It also carries a brief biographical introduction of some 50 noted Chinese figures appearing in this book and annotations for each article and speech.

Latin America & Caribbean

Councillor Li Guixian Meets Uruguayan Banker
OW1811215488 Beijing XINHUA in English
0751 GMT 17 Nov 88

[Text] Beijing, November 17 (XINHUA)—Li Guixian, state councillor and governor of the People's Bank of China, China's central bank, met here today with Ricardo Pascale, chairman of the Board of Directors of the Central Bank of Uruguay.

During the meeting, Li said that the establishment of diplomatic relations between China and Uruguay and the success of the Uruguayan President's China visit earlier this year ensured the gradual growth of economic and trade exchanges and financial contacts between the two countries in the years to come.

Pascale believed that Uruguayan banks were interested in establishing ties with banks in China.

Cooperation Agreement With Nicaragua Signed
OW1911081188 Beijing XINHUA in English
0656 GMT 17 Nov 88

[Text] Managua, November 16 (XINHUA)—The first session of the Joint Chinese-Nicaraguan Intergovernmental Commission concluded here this afternoon with the signing of a protocol of cooperation.

During the three-day meeting, representatives of both nations discussed the possibilities of strengthening economic and trade cooperation.

China will provide Nicaragua with technical assistance and train agricultural personnel to design projects such as shrimp harvesting, fresh water fish farming, and the production of artificial food for fish and shrimp.

After the signing ceremony, the Nicaraguan vice minister for foreign cooperation, Javier Boce Pantoja, told the press that China will also provide assistance for the most affected areas hit by Hurricane Joan earlier this autumn.

Both nations agreed to hold the next meeting in Beijing in 1990.

Naval Commander Interviewed on Guided Missiles
HK1911090888 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 46, 14 Nov 88 p 4

[Article by Huang Caihong (7806 1752 5725): "New Developments in Naval Guided Missiles—Visiting Wang Huique, Commander of the Naval Guided Missiles Test Base"]

[Text] On 27 September this year, Chinese ballistic-missile nuclear submarines [dao dan he qian ting 1418 1734 2702 3383 5312] succeeded in underwater launches of carrier rockets. This indicated qualitative changes in Chinese naval equipment. Recently, Rear Admiral [shao jiang 1421 1412] Wang Huique [3769 1920 1952], commander of China's Naval Guided Missile Test Base, spoke to this reporter revealing some inside information about the Chinese Navy's development of guided missiles.

From Imitation to Innovation

Wang Huique, 52, graduated from the Harbin Military Engineering Institute in 1965 and has since been preoccupied with testing guided missiles and other advanced weapon systems. Speaking on the Chinese Navy's development of missiles he said: In recent years the Chinese Navy has been armed with guided missiles at a rapid pace. At present, the Chinese Navy has both strategic and tactical guided missiles in addition to a complete range of guided missiles of all sizes and types. Its defense strength is basically dominated by guided missiles. All this is a result of China's reliance on its own resources in making innovations and on its efforts to learn from and introduce advanced foreign technology. The successful underwater launches of carrier rockets by the ballistic-missile submarines indicate that the modernization of China's submarine force has been lifted onto a new plane and that the navy's missile construction has reached a new stage of development.

The Chinese Navy started its development and production of guided missiles in the late 1950's, with the focus on building antiship guided missiles. It began by building missiles based on Soviet models and, while doing this, tried to improve on them. In the course of this China established the Institute for Overall Research on Sea Defense Guided Missiles and built the the Sea Defense Guided Missile Test Base and an integrated research and production line. At the same time, China formed a testing unit and equipped itself with its first series of antishipping guided missiles. The Chinese Navy's first shore-to-ship guided missile company [an jian dao dan lian 1489 5324 1418 1734 6647] was trained at the Guided Missile Test Base and its first shore-to-ship guided missile unit [an jian dao dan bu dui 1489 5324 1418 1734 6752 7130] was also formed there. In addition, the Chinese Navy's first guided missile boat,

guided missile destroyer, guided missile frigate, guided missile submarine, and guided missile aircraft all launched their first missiles after training at the Guided Missile Test Base.

In the early 1970's, the Chinese Navy's development of guided missiles reached a new stage—it could now begin to design its own guided missiles and make innovations. It has switched from building coastal defense guided missiles exclusively, to the development of every conceivable type of guided missile, such as shore-to-ship, ship-to-ship, ship-to-air, air-to-ship, and submarine-to-ship missiles, which combine to form the Chinese Navy's guided missile defense system. The performance of the Chinese Navy's missiles is up to the world's advanced standards in the 1980's. For example, the "Flying Fish [fei yu 7378 7625]" guided missiles are multi-purpose anti-shiping guided missiles. They can be mounted on surface ships, fitted in submarines, or carried by aircraft. In addition, mobile launching from land vehicles is also possible. These missiles can skim across the sea and each of them can cover a sector [shan mian fa she 2082 7240 4099 1410]. They have great penetrating power and can sustain high accuracy even under complicated combat conditions.

Submarine-Carried Guided Missiles: A New Breakthrough in Naval Strategic Guided Missiles

In October 1982, Admiral [title as published] Wang Huique organized and commanded the first successful underwater test launch of carrier rockets from Chinese submarines. From 14 to 27 September this year he also organized and commanded the successful underwater test launching of carrier rockets from ballistic-missile nuclear submarines.

He said: The launching of carrier rockets from nuclear submarines represents a breakthrough in the Chinese Navy's development of strategic guided missiles. Ballistic guided missiles are now launched from underwater because "spying" reconnaissance satellites have rendered guided missile bases on land, as well as underground silos, exposed and unsafe places for the storage and launching of guided missiles. Underwater mobility is an ideal way to prevent detection by reconnaissance satellites. Nuclear submarines armed with guided missiles can freely and flexibly cruise the oceans without exposing themselves. In the event that they are required to take action they can quickly attack enemy targets by launching guided missiles from underwater. The nuclear submarines now used by China for carrying and launching submarine-to-land [qian di 3383 0966] guided missiles are fast, capable of diving very deep, quiet, hard to detect, and efficient. Each of them usually carries about 20 guided missiles and can remain submerged for 3 months.

Advancing Toward Higher Accuracy

In addition to developing new types of submarine-carried guided missiles, China is also trying to improve

the launch and technical performance of its naval tactical guided missiles by making them supersonic, ultra-low-altitude, automatic, and intelligence-controlled-and-guided precision missiles with ranges unrestricted by human vision.

As the equipping with guided missiles goes on the Chinese Navy has established a high-level institution to train people in the development and use of guided missiles. The institution has departments to train missile boat captains and guided missile department commanders and offers various missile-related special courses. Its graduates are assigned to various guided missile units, high-level research departments, and leadership organs.

Along China's long coastline, coastal guided missile units are stationed at strategic points, bomber groups carrying various types of guided missiles patrol above the blue seas, formations of guided missile boats, guided missile frigates, and guided missile destroyers move about in the rolling seas, and ballistic-missile submarines cruise in China's deep territorial waters. China's guided missile defense system is steadily approaching perfection.

2 Killed in Explosion at Great Wall

*OW2111190888 Beijing XINHUA in English
1842 GMT 21 Nov 88*

[Text] Beijing, November 21 (XINHUA)—Two Chinese were killed and one foreigner injured in an explosion on the Great Wall here this morning, a spokesman for Beijing police announced here this evening.

The spokesman said the explosion was caused by a 33-year-old man and a 29-year-old woman with homemade explosives in a suicide attempt, who were exploded [as received] into pieces.

According to articles available on the spot, the spokesman said, the man and woman had spouses of their own and came from Jilin Province, northeast China.

The injured was a woman tourist from New Zealand, who is being treated in a hospital.

The elder sister of the injured told police that she saw a man and a woman hugging each other when her sister and she got to the top of the Great Wall at about 11:40 am.

The explosion occurred when she was getting ready to take a picture for her sister, she said.

Officials from Municipal Departments of Public Security, Tourism and Foreign Affairs and the Embassy of New Zealand here visited the injured at the hospital.

The incident, which the spokesman said might have something to do with love affairs, is being investigated.

Further Reportage on Literature, Art Congress

Editorial Lauds Congress

*HK2211114088 Beijing GUANGMING RIBAO
in Chinese 8 Nov 88 p 1*

[Editorial: "Forge Ahead in Unity To Promote the Flowering of Literature and Art"—Celebrating the Opening of the Fifth Congress of the China Federation of Literature and Art Circles]

[Text] The Fifth Congress of the China Federation of Literature and Art Circles [CFLAC] was opened solemnly in Beijing today. During the Congress, some 1,500 deputies sent by the literature and art circles from all parts of the country will sit together to discuss the question of promoting the flowering of socialist literature and art and the question of the reform of the structure of the CFLAC. Here we warmly congratulate the CFLAC on the convocation of its 5th Congress!

A total of 9 years has elapsed since the fourth congress was convened in 1979. Over the years, China's literature and art has made much headway side by side with reform and opening up to the outside world. During this period, the CPC has put into effect some major readjustments in its policies toward literature and art and has also improved its leadership over literary and artistic work. Through the joint efforts of the broad masses of the literary and artistic workers, our country's literature and art have entered the path of healthy development and have embraced the literary and artistic spring which is full of vitality and blossoming flowers. With the great enthusiasm and the creative artistic labor of the workers, the broad masses of literary and artistic workers have eulogized reform and the unprecedented pioneering spirit of the people and masses; have with a cool mind observed the friction between the old structure and the new structure as well as the hopes and uncertainties in reform, thus pushing forward with the advancement of the cause of reform and construction. Innumerable excellent literary and artistic works have been created in such forms as movies, music, dance, opera, fine arts, novels, poetry, and so on. Noteworthy results have also been achieved in literary and art criticism and research on literary and artistic theories. It can be said that our country's literary and artistic cause is now in the best historical period since the founding of the PRC. This period is characterized by great vitality, numerous literary and artistic works, and an increasing number of qualified workers. Of this, the broad masses of workers are fully conscious, gratified, and proud.

The cause of literature and art has always had an inalienable flesh-and-blood relationship with the social life and the broad masses of the people. In the era of reform, drastic changes have been taking place in the spheres of the economy, politics, and culture as well as in all aspects of social life. During the era of reform, the Chinese people are in great need of a powerful force of condensation which they can rely on in uniting as one

and striving with one heart and one mind for the realization of the four modernizations. During the era of reform, the broad masses of the literary and artistic workers are duty-bound to throw themselves into the great torrent of reform, opening up to the outside world, and the building of four modernizations and should have a strong sense of mission and integrate their individual literary and artistic pursuits with the grand goals of the reform, opening up to the outside world, and the building of the four modernizations and with the national ideals and people's wishes so as to create still more literary and artistic works to arouse the fighting will of the people; give play to people's wisdom; enrich people's spirit; and beautify people's lives.

The grand cause of reform and opening up to the outside world has provided ample scope for the literary and artistic workers to display and make use of their talents and skills and is also a rich source for their literary and artistic creation. At the same time, the cause of reform and opening up to the outside world also needs the understanding and support of the broad masses of literary and artistic workers. Therefore, the broad masses of workers should make every possible endeavor to bring into full play the positive role of socialist literature and art in educating the people, inspiring them, criticizing backward aspects, and eulogizing good aspects and in guiding the people in their advance toward the ideal realm. The broad masses of literary and artistic workers should make unremitting efforts to help the Chinese people, who are now in a historical period imbued with drastic changes; to constantly stick to self-reliance, self-improvement, self-respect, and self-confidence; and encourage them to make greater efforts and throw themselves into the great cause of reform and construction to eventually stand up with an entirely new spirit and style among all the nations of the world.

Because of the historical twists and turns and the special law of literary and artistic work, there have existed among workers some old cases left over from history, as well as some controversies over a variety of views relating to literature and art. Efforts must be made to avoid endless quibbling over old cases. The existence of widely divergent views relating to literature and art is a normal phenomenon. The differences in views can be settled through good-humored discussions and theoretical contentions on an equal footing. We sincerely hope that all the deputies to the Fifth Congress of the CFLAC will adopt the attitude of mutual understanding, mutual respect, and unity, be forward looking, put the overall interests of reform and construction of our country above everything else, and make concerted efforts to strive for the attainment of the common goal of promoting the flowering of socialist literature and art.

In order to promote a long-term and steady flowering and development of our country's literary and artistic cause, we should have correct literary and artistic policies and a correct leadership over literary and artistic work. Hence on the one hand, workers should adhere to

the orientation of "serving the people and socialism" and the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," further carry out reform of the structure of literary and artistic work, and strengthen the building of the contingent of literary and artistic workers. On the other hand, it must be made clear that the party will mainly exercise its leadership over literary and artistic work in respect of the political principles and political orientation and will not intervene in specific and detailed literary and artistic work. The party should stick to the principle of less intervention and less involvement with regard to any specific literary and artistic works. The leaders should endeavor to become proficient in literature and art and try to become friends of the workers. The leaders should be confident that the majority of workers will rectify incorrect phenomena, advocate correct phenomena, and resist negative and harmful phenomena by holding democratic, comradely, and friendly discussions on an equal footing and by carrying out criticism and self-criticism. It is totally impermissible to settle the questions regarding literary and artistic creations by issuing administrative orders or launching political campaigns. It is necessary to understand and cherish the writers and artists and protect their creative enthusiasm. Only by doing things in this way will we be able to form a fine environment and a comfortable atmosphere conducive to the growth of various types of qualified literary and artistic workers, give full scope to the talents and skills of literary and artistic workers, and push forward the development of the literary and artistic productive forces.

Another topic for discussion at the current fifth congress is the reform of the structure of the CFLAC. Through the reform, the main function of the CFLAC and its affiliated organizations at all levels will be turned into playing the role of liaison, coordination, service, and communication among its members. The literary and artistic federations at all levels should exert their utmost efforts to improve their mechanisms, turn themselves into masses organizations truly representative of the broad masses of literary and artistic workers and into channels and bridges promoting consultations and dialogues among the broad masses of workers, mobilize their members to carry out the party and state principles regarding literary and artistic work, protect the legitimate rights and interests of literary and artistic workers, establish close ties between the broad masses of the people and literary and artistic work, and promote cultural exchanges among all the people in the world. Since this is a practical reform measure conformable to the wishes of the broad masses of literary and artistic workers of our country, it will certainly receive approval and support from them.

We believe that with the arduous efforts of all the deputies, the Fifth Congress of the CFLAC will certainly turn out to be a united and forward looking congress which will promote the flowering of literature and art of our country. Here we wish the fifth congress complete success!

Characterized as 'Quiet Meeting'
*HK2211115588 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 47, 21 Nov 88 p 1*

["Letter From Beijing" by Bao Xin (7637 0207): "Also Talking About the Fifth Literary and Art Congress"]

[Text] My brother:

The Fifth Congress of the China Federation of Literary and Art Circles [CFLAC] concluded yesterday. Today, the Fifth National Committee of the CFLAC held its first meeting and elected its new leaders.

If you want me to generalize the characteristics of this congress, I may say according to my observation that this was a quiet meeting. In other words, this was a meeting that didn't cause any sensation. People inside and outside literary and art circles all looked at this congress in a calm mood.

I make this description by comparing it with the previous congress of the literary and art circles. The previous congress held 9 years ago was a congress for setting aright the guideline, and it was held in the high tide of the mental emancipation movement. That congress was immersed in a warm atmosphere from beginning to end, and caused one sensation after another. For example, that congress officially announced that the slogan of "literature and art serving politics" would no longer be used. This was indeed a sensation for literary and art workers who had been shackled by this slogan for a long time. They felt that their minds were really emancipated to a big degree. I still remembered the scene when Deng Xiaoping delivered to the congress a congratulation speech on behalf of the CPC Central Committee and the State Council. His words were again and again interrupted by thunderous applause from the attending literary and art workers who were filled with exultation.

The recent literary and art congress was also a warm meeting. Writers and artists also pinned ardent hopes on the congress, but the passionate atmosphere was replaced with calmness in exploration.

In fact, this is nothing strange. The two congresses were held against different historical backgrounds and facing different tasks. If the Fourth National Congress of the Literary and Art Circles was characterized by its task of setting aright the guideline and bringing order out of chaos, then the literature and art from then on were based on a "construction notion." As compared with "bringing order out of chaos," "construction" is certainly a much quieter task.

Of course, the lack of sensation does not mean that the congress did not include any new ideas. In fact, there were many interesting and noteworthy points in Hu

Qili's "Congratulation Speech." As I know, this "Congratulation Speech" also won a lot of favorable comments at home and abroad. The congress unanimously expressed support for this "Congratulation Speech":

—The "Congratulation Speech" expressed ardent hopes for writers and artists, and sincerely indicated that "socialist modernization construction and all-around reform need understanding and support of writers and artists." All participants expressed their understanding of this point and their determination to make literature and art flourish and to give play to the role of literature and art, which cannot be replaced by anything else, in the building of a high degree of spiritual civilization.

—The "Congratulation Speech" highly valued the achievements of literature and art in the past 10 years, and pointed out that "although there remain various problems that need to be further solved and overcome, in general, the literature and art front experienced a period of active thinking, fruitful results, and emergence of new talents." People agreed that this was a realistic assessment.

—The "Congratulation Speech" devoted half its space to stressing the need to strengthen and improve the party's leadership over literature and art, and pointed out that "it is first necessary to seriously carry out the party's basic line and adhere to the one center and two basic points." It also pointed out that the party's correct leadership "can only be built on the basis of fully respecting the work of writers and artists, fully respecting the law that governs the development of literature and art, and fully understanding the needs in literature and art and the needs of writers and artists." "It is necessary to promote and develop healthy and active literary and art criticism, to seek new work methods." "It is necessary to maintain the principles, but no arbitrary interference should be made." "Less interference should be made on specific viewpoints in literature and art and on comments on specific works." All these points were welcomed by the participants, and many people proposed that the "Congratulation Speech" be issued in the form of an official document so that party cadres at all levels will observe it.

All this showed that the recent literary and art congress was undoubtedly of positive significance for the future development of literature and art.

Of course, this congress also left many problems unsolved, and this is also quite natural. Problems always exist in the world with some being solved and others remaining unsolved. It is unrealistic to hope that all problems can be solved in one move. Take the leadership system of the federation of the literary and art circles as an example. This is a mass organization of writers and artists, and the delegates aired many opinions on the election of the leading body and on the activity forms. They also expressed many opinions on electing the members of the national committee of the federation in

a democratic way on the basis of full consultation to make the committee more representative and less bureaucratic. All this provided much food for thought.

[Signed] Bao Xin, 13 November 1988

Nature, Task of Federation Changes
OW2011171288 Beijing XINHUA Domestic Service
in Chinese 1550 GMT 12 Nov 88

[By reporter Yuan Xi]

[Text] Beijing, 12 Nov (XINHUA)—The nature and task of the China Federation of Literary and Art Circles (CFLAC) has changed from "fulfilling the responsibility of coordination, liaison, and guidance" for its members in the past to "performing the duty of liaison, coordination and service for the various member organizations." This is one major difference between the "Charter of the CFLAC" adopted by the fifth congress of the Federation, which ended today, and the previous one.

The Federation's previous charter was adopted at its fourth congress held in 1979. In the 9 years since, the literary and art circles in China have undergone a tremendous change. As was mentioned by the delegates to the fifth congress of the Federation during panel discussions, under the present circumstances, it would be inappropriate, and also impossible, for the Federation to provide guidance for literary and art work in all localities and all fields and solve all kinds of problems. What is feasible, however, is for the Federation to act as a liaison and a coordinator and provide services. Hence, the amendment to the charter was made.

It was maintained by some delegates that the change in the Federation's nature and task means that the hope for future development of literature and art in China will more than ever lie in an open-minded policy concerning literature and art, in the perfection of democratic legal system and in the day-to-day efforts of all literary and art workers in the country. Concern and support from various quarters outside of the literary and art circles will be needed too.

Another major change in the new charter is that members of the Federation's National Committee are represented by organizations instead of individuals. This is a structural adjustment made to adapt to the change in the Federation's nature and task.

The new charter also includes some deletions and rewordings of passages in some of the articles in the original charter.

Culture Minister Urges Writers To Support Reform
HK2211030388 Beijing ZHONGGUO XINWEN
SHE in Chinese 1212 GMT 17 Nov 88

[Report by Wang Jiabin (3769 0163 2430): "Wang Meng Calls on Writers To Give More Support To Reform"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 17 Nov (ZHONGGUO XINWEN SHE)—Wang Meng, vice chairman of the Chinese Writers' Association and minister of culture, today calls on the writers to give more support to reform.

Wang Meng made this remark at the Third Meeting of the Fourth Council of the Chinese Writers' Association held today. He said: Ten years have passed since the 3d Plenary Session of the 11th CPC Central Committee. The historical changes that have taken place in China are universally acknowledged and evident to all. Meanwhile, the problems that have come to light during the reform in the past few years have also become more acute. For example, the problems of inflation, unfair social distribution, and dishonesty on the part of party and government officials and some departments have drawn the attention of all quarters. For some time, voices criticizing the economic reform have become louder. From different starting points and prerequisites, people may utter words unfavorable to the reform. Although these opinions have not developed into a theoretical view, they have increased. This has forced writers who are sensitive, who take upon themselves the duty of being concerned with the country and their people, and who have influence over the public opinion, to make a choice on such major issues as whether they should support the party Central Committee to persist in the reform and whether it is necessary to continuously advance the reform or give it up halfway.

Wang Meng said: The works of every writer do not necessarily describe the reform, but this does not in the least prevent writers from using their realistic attitude toward the reform to influence public opinion on reform through their works or other channels. In his view, as social personnel capable of influencing public opinion, writers should not keep out of the reform or matters vital to the national economy and the people's livelihood.

In his speech today, Wang Meng also hoped that people in the same trade would be concerned with the state's cultural construction and the development of literary undertakings. Wang said he still believed that literature should be lofty. He did not agree to regard literature purely as a means of giving vent to one's personal feelings, exposing shameful secrets, and attacking some people or as a stepping stone to other material gains. He especially pointed out: It is hoped that the literature and art circles will learn to engage in genuinely democratic and equal academic contention and literature and art discussion instead of lodging complaints with superiors,

writing sinister data, submitting malicious reports, seeking the support and involvement of backstage supporters and powers, so that the literature and art debates can be conducted more soundly.

Wang Meng Views Problems in Cultural Domain
HK211112988 Beijing ZHONGGUO XINWEN SHE
in Chinese 0130 GMT 18 Nov 88

[Report: "Wang Meng on 'Retaining the Old and Building the New' in the Cultural Domain"—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 18 Nov (ZHONGGUO XINWEN SHE)—In criticizing some of the problems found in present-day Chinese cultural life, Wang Meng, the minister of culture, believes in the need to change some bad traditions, to replace the idea of "breaking down the old to building the new" to "retaining the old while building the new" and to earnestly enhance the people's cultural quality.

The YANHAI DA WENHUA BAO [3116 3189 1129 2429 0553 1032—GREAT COASTAL CULTURAL DAILY], which just came off the press here, reports on a recent conversation between Wang Meng and the newspaper's editor in chief, Su Chen [5685 2525], in Beidaihe. Speaking on the question of cultural regeneration, Wang Meng states that a bad tradition in Chinese history is the belief that "breaking down the old" is a precondition for "building the new", and therefore, it is necessary to "break down the old and build the new". He believes that actually, the wisest way is to "retain the old and build the new". He says: The process of cultural development is not so much a process of replacement as it is a process of gradual accumulation. The concept of replacement in our country is too strong.

Wang Meng thinks that the "crisis" in the cultural domain today lies not in the old and the new nor in traditional and foreign cultures. Instead, the greatest crisis lies in our ignorance and our obvious failure to surmount it. While China has an ancient and glorious 5,000-years-old civilization, it is still a country with 230 million illiterates and semiliterates.

Convinced that mismanagement of this issue will jeopardize the results of the reforms and open policy, Wang Meng cites as examples the practices in some areas in Guangdong to build lavish tombs and in Wenzhou where concubinage, gambling, superstitious beliefs, killing of giant pandas and swans, and the illegal capture and sale of golden monkeys are rampant. Grave robbing has also surfaced. It is said that some villages even have specialized households engaged in grave robbing, and a new saying claims: "If one wants to get rich, go rob a grave."

Citing the changes in Beidaihe, Wang Meng advances three points: One is the enormous improvements in the lives of the people over the past 10 years; two is the astronomical rise in consumption aspirations; and third

is our relatively poor cultural quality. Hence, he points out that the most urgent problem at the moment is the need to conscientiously raise the cultural quality of the people.

Wang Meng also urges overcoming the conformist mentality which seeks to "destroy" and to criticize at the slightest provocation as well as the old practice of being complacent and conservative.

Reform 'Irreversible', Road By No Means Smooth
HK2111150588 Beijing LIAOWANG in Chinese
No 45, 7 Nov 88 p 3

[Article by Yi Li (0001 5867): "Reform Is Irreversible, and the Road Is By No Means Smooth"]

[Text] During a period of 10 years from 1978 up to the present, our party has held three 3d plenary sessions. The 3d Plenary Session of the 11th CPC Central Committee announced that socialist reform in China had started, and that our country had entered a new historical period. The 3d Plenary Session of the 12th CPC Central Committee approved the decision on economic structural reform with the focus on the urban economy, so that reform could develop in depth. The 3d Plenary Session of the 13th CPC Central Committee shouldered the task of "storming fortifications" in price reform, fully and profoundly considered some main problems with emphasis on a too rapid price increase, and resolutely carried out major readjustment regarding the steps and measures for reform, so that a good environment and order could be created for the deepening of reform. These three third plenary sessions marked three echelons of the continuous enhancement of our understanding of the reform. Looking ahead and behind, we may reach the following conclusion: Reform is irreversible, and the road is by no means smooth.

Reform is irreversible, because it is the necessity of history.

—Reform is the necessity of the social development in China. The modern and contemporary history of China is a history which describes how China, a former advanced country, was reduced to a backward country. Judging from the present level of our productive forces, we know that we have not yet completely freed ourselves from small production, and entered the historical process of modern society characterized by a highly developed commodity economy.

—Reform is the necessity of socialist development. Socialism means the development of productive forces. In this sense, the level of productive forces in socialist countries should be higher than that in capitalist countries. However, in reality this phenomenon has not occurred in most of the socialist countries because of our

"inherent shortage," and other reasons. That is why reform under the leadership of the communist parties, which are ruling parties, has become a general trend in socialist countries.

—Reform is the necessity of the general trend of world development. Peace and development are the two main themes in the contemporary world. The peaceful environment, which has existed for a long time, has provided various countries with conditions for development. Any country, which can make use of such conditions, can gain a foothold in the future world. Therefore, most of the countries in the world are making an effort one after another to carry out a readjustment in their production relations and the realm of the superstructure to vigorously promote the development of their productive forces. This readjustment means reform. Reform is also the general trend of the contemporary world.

—Reform has been the necessity for promoting practical development in our country during the past 10 years of reform. Our achievements made during the past 10 years of reform are obvious to all. This shows that we have taken a correct path. The majority of the Chinese people have benefited from reform. It is obvious that during the past 10 years, our living standard has been increased to a level which is higher than any historical period. Our people can never tolerate the reverse of reform and the extinction of vigor and hope brought about by it.

However, the road of reform is by no means smooth, and this is also determined by history.

—What the reform faces is a big country with a population of 1 billion. In this country, there is a great difference between the east and the west, between urban and rural areas, and between industry and agriculture. China is known as a country which is rich in natural resources. Its natural resources are actually insufficient due to its vast population. The slow growing energy, communications, means of production, and raw and processed materials which include agricultural products have severely affected and hindered the progress of reform and construction.

What the reform faces is a stubborn force of habit, including that of small producers and a feudal patriarchal clan system, and the "leftist" influence which played a dominant role for a long time. They have existed for a long time, and it is very difficult to overcome them. Very often, they clash with reform. In particular, such force of habit cannot but affect some of our party and government personages who are leading the reform. A patriarchal system, bureaucratic departmentalism, replacing law with power, abusing power for private gains, looking down on knowledge...are typical phenomena. It is inevitable for the reform to face such a complicated situation.

—What the reform faces is an old system which has been formed over many years. It is not easy to get rid of the old system, and the new system cannot be perfected immediately either. Our reform cannot but be carried out under the condition of the coexistence between the old and the new systems. This is the main reason why our reform is, very often, in a dilemma.

—What the reform faces is the completely new future. There is no ready road which we can follow. Therefore, our reform is, more or less, like an experimental work. Since we are conducting an experiment, mistakes and zigzags cannot be avoided. With regard to defects and mistakes we have made in reform, we should follow the following two sentences to deal with them: First, it is difficult to completely avoid mistakes, and second, once there are defects and mistakes in our work, we should correct them immediately, so that we can avoid making gross mistakes. Since we are materialists and communists, we believe that it is difficult to completely avoid mistakes, and that we can deal with them seriously.

History has carried with itself the necessity of reform, and determined that reform is a strenuous and complicated task. We should realize that reform is irreversible, and that we should strengthen our resolve to march forward courageously. In the meantime, we should understand that the road of reform is by no means smooth, and that we should keep on marching despite difficulties. We should on no account treat this matter lightly. In the course of reform, when some people suffer setbacks, or when their interests are temporarily harmed, they would cast doubt upon, waver, or moan and groan. It is because they place too much hope on reform without having sufficient ideological preparation for meeting with and overcoming difficulties. Reform is a matter of fundamental importance for our nation, state and socialism. It does not bring us immediate interests alone. It is not a materialist view to judge the success or failure of reform from immediate interests, and to be overanxious for quick result in reform.

At present, the direction and targets of reform have not changed, and they cannot be changed. History has not given us, the sons and daughters of the Chinese nation, any route for retreat. There is no time for us to hesitate, or waver. We must never abandon our endeavor. We must continue to march to accomplish the task of reform, and to realize the four modernizations program. We should readjust and unify our steps, create and improve our conditions, so that we can do things in a more practical way and follow a down-to-earth work style, and march more vigorously and resolutely to attain our set objectives.

Gao Shangquan on Development of Reform Theory
OW2111033788 Beijing XINHUA in English
0719 GMT 19 Nov 88

[Text] Beijing, November 19 (XINHUA)—A number of important theoretical problems must be solved before

China's economic reform can succeed, a senior Chinese official asserts in the latest issue of "CHINA'S ECONOMIC REFORM".

Gao Shangquan, vice minister of the State Commission for Restructuring the Economy, writes in the monthly that in addition to price and wage reform, other important subjects have emerged that require a new theoretical approach to socialism.

The separation of ownership from management has made the once-rigid concept of public ownership more flexible, he said.

As experiments in the reform, now state-owned or collectively-owned small businesses can be contracted or leased out to private entrepreneurs; their property can be auctioned off or transferred, and mergers and the selling of shares in state-owned companies are also in practice, Gao said.

But more studies and experiments are needed to decide what are the best forms of organizing and administering the enterprises under public ownership, he said.

The question of how to turn state-owned companies into independent businesses with the right to manage their own affairs without government interference has not been given sufficient theoretical study, Gao said, and the same applies to their responsibilities for profits and losses.

China's current reform of its economy has been plagued by inflation caused by an overheated economy, and this has kept many supportive measures from being implemented, he said.

"Economic reform must take proper steps to conform to China's current economic level and social reality," Gao said.

He called for effective approaches to steady growth to offset inflation, for control of the amount of money in circulation, and for regulations limiting the granting of loans.

"Our ultimate goal is a coordinated development of both economic reform and economic growth," Gao explained.

The socialist commodity economy requires a sound market mechanism under which the nationwide marketing of commodities is guaranteed without interference, he said.

However, the Chinese economy is also a planned economy and the state must guide and control items of national importance such as the distribution of energy and raw materials, he said, adding it is necessary to use both market mechanism and planned economic measures in regulating the national economy.

The practice of Youhua (optimization of resources) eliminates redundant manpower from enterprises and has thus raised productivity, the article continued.

However, it is also creating problems of unemployment, and we must give up the outdated concept that a major strength of socialism is that it guarantees full employment, the author argues.

Adequate methods of channeling this unproductive manpower back into the national workforce—perhaps by means of a national labor service market—should be a priority of theoretical study.

Although efforts have been made to overcome the "big rice bowl" system (under which people get equal pay whether or not their work is any good) unfair distribution of income is still widespread, Gao wrote.

Thus it is imperative that improvements be made in the taxation system to regulate the incomes of individuals and the social insurance system be perfected, he said.

All in all, Gao concluded, Chinese economic and social theoreticians must make a "breakthrough" in these theoretical problems in order to facilitate a smooth shift from a traditional product economy to a new socialist commodity economy and to ensure the success of China's economic reform.

Scholar Yan Jiaqi Views Political Situation
HK2111072388 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1018 GMT 16 Nov 88

[Report: "Yan Jiaqi on Current Situation in China After Returning From United States"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 16 Nov (ZHONGGUO TONGXUN SHE)—According to a report from Beijing, mainland scholar Yan Jiaqi recently said after he returned home from the United States: "I cherish and am full of hope for China's future, and the road ahead has become clearer and clearer." The magic weapon is held in the hands of the entire Chinese people. So long as they have freedom of speech, freedom of journalism, and a perfect democratic system, all difficulties will be overcome.

At present, pessimistic and disappointed sentiments extensively exist among many people in society. The corruption of the government and the ruling party has aroused resentments among all circles in society. Yan Jiaqi said: So long as democracy is put into practice and there is freedom of speech, freedom of journalism, and openness, we will be able to establish really effective social supervisory mechanisms to resist corruption.

He said: The general tendency in China is good, and the huge achievements of the reforms are unparalleled. The pressing task of the moment is to carry out ownership

reform, that is, to actively develop private ownership and to further the quest for the real combination of public ownership with the market mechanisms. We should promote and guarantee the reforms through rule by law, and cultivate the notion of taking the laws as contracts of the entire society.

He said: Corruption is related to public ownership. Public ownership is also a factor that caused price rises. At present, reform is bogged down in a chaotic predicament, because the market mechanisms have not been finally established; democracy is still imperfect; and the legal system is not sound. In the current structure, administrative control has gradually loosened, and the building of laws and morals did not keep pace with the actual needs. Thus, various unhealthy social phenomena ran rampant.

As for the TV series "River Elegy" which aroused fierce controversies, Yan Jiaqi said: The main purpose of the films was to tell the people why China became so backward. No matter what defects the film may have, its positive significance is obvious. If there are any controversial issues, people can make well-meaning criticisms and carry out discussions on an equal footing.

Yan reiterated that it is now necessary to recall the "double-hundred" policy and review the 10-year "Cultural Revolution" and the debate on "Hai Rui's Dismissal From Office." We need some people to step forward bravely and make a loud warning to a small number of people who still try to wield clubs over others: Do you really have any confidence in China's future? The motherland belongs to all people, not to a certain person.

Kuomintang Revolutionary Committee Congress Ends
OW2211012188 Beijing XINHUA in English
1431 GMT 20 Nov 88

[Text] Beijing, November 20 (XINHUA)—The Revolutionary Committee of the Chinese Kuomintang (RCCK) has called for a concerted effort to promote the reunification of China.

In a resolution adopted at the Seventh National Congress of RCCK which closed here today, the committee made an appeal for all parties, social organizations, and personages on both sides of the Taiwan Strait to contact and conduct dialogue in a bid to quicken the process of the reunification of the motherland.

The committee urged all its members to promote goodwill exchanges through various channels between Hong Kong, Macao, Taiwan, and the mainland and get more and more people into the force for a peaceful reunification of China.

The 9-day-long congress also approved major revisions of the party constitution. According to the revised constitution, the RCCK will recruit new members from among people who are related to the Kuomintang (KMT) and various circles in Taiwan, and who are devoted to the cause of reunification of the motherland.

The RCCK, founded by the Democratic Group of the KMT and other patriotic democrats, has now a membership of about 40,000.

The revised party constitution maintains that the RCCK will give priority to the promotion of the peaceful reunification of China and fight against any attempt to split the motherland. It also declares that the RCCK stands for the realization of peaceful reunification of the motherland through negotiations between the Chinese Communist Party and the Kuomintang on the basis of reciprocity.

State Council To Issue Regulations Publicly
OW1911110588 Beijing XINHUA in English
0656 GMT 17 Nov 88

[Text] Beijing, November 17 (XINHUA)—The State Council has announced that it will stop issuing regulations on restricted official red letterhead paper and will now have them publicly printed and distributed.

Regulations governing relations with foreign companies and businesses will also be publicly printed and circulated in the mass media, to help foreign businessmen understand Chinese policies.

The decision was announced Wednesday [16 November] by Huang Shuhai, State Council deputy director of legislative affairs, at a symposium on publication and compilation of regulations.

In the past, all the regulations of the State Council are [as received] issued in documents with red characters designating them as restricted.

The publication of regulations signed by China's premier will help the people to learn exactly what they are being asked to adjust themselves to, follow or enforce.

Their legal rights and interests will also be made clearer, Huang said.

The Xinhua Publishing House will regularly publish collections of government regulations, including those that may not appear in newspapers and periodicals, he added.

Powerful Laser Device Developed in Guangxi
HK2211023888 Beijing ZHONGGUO XINWEN SHE
in Chinese 0329 GMT 19 Nov 88

[Report: "China's Most Powerful Laser Device Successfully Developed in Guangxi"—ZHONGGUO XINWEN SHE headline]

[Text] Nanning, 19 November (ZHONGGUO XINWEN SHE)—The "Death Ray," which science fiction has described as capable of melting aeroplanes and tanks, has now become a reality in China. Recently, the Laser Research Institute of Guangxi Engineering Institute in Liuzhou City, Guangxi Zhuang Autonomous Region, successfully developed a laser device with a maximum temperature of 10,000 degrees centigrade.

The powerful laser device can be used for cutting metal, punching holes, hardening surfaces, alloying surfaces, tin-free metal welding, and for some other types of sophisticated metal processes. The knives and instruments which have been processed by the laser device have a much greater hardness. After being processed by Liuzhou City's laser, the cylinders for the new "Liberation" trucks made by the No 1 Changchun Automobile Plant have double the abrasion resistance.

According to an appraisal by experts, the laser processing device developed by the Guangxi Engineering Institute is currently the most powerful and comprehensive one in China. Qinghua University has therefore decided from now on to send its graduate students to the Laser Research Institute of the Guangxi Engineering Institute every year.

Arms Fair Gives Impetus to Defense Industry
HK2111015688 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 21 Nov 88 p 1

[By staff reporter Xie Songxin]

[Text] Last week's arms fair at Beijing's International Exhibition Centre should have given fresh impetus to China's defence industry, which is fighting for its peacetime survival.

Foreign military officers and arms dealers are already negotiating and arranging further contact with Chinese manufacturers after getting a close look at the nation's arms industry at the Asian Defence Technology Exhibition (Asiadex Beijing'88) which was scheduled to end on Sunday, November 20.

To attract potential buyers, eight Chinese firms exhibited their newly-developed weapons, including missiles, in over 3,300 square metres of floor space. Some of the weapons were being shown in public for the first time.

China's weapons are generally cheaper and easier to operate than those produced elsewhere. However, central government policy could hold back arms exports.

China will only sell arms to strengthen the importer's national defence capabilities or safeguard regional peace and stability.

"We have never sold, and never will sell, arms to countries engaged in regional conflict," said Li Gong, an official of the Xinshidai Corporation, the co-sponsor of Asiadex.

Wu Huanhua, vice-president of China North Industries Corporation (Norinco), the country's largest arms firm, said: "When a profitable export plan contradicts government principles, we don't hesitate to back out."

However, he added that China could not guarantee that its weapons would never reach improper and unintended destinations because international arms dealers were so profit-orientated.

A limited amount of orders from the People's Liberation Army—which has been cut back by 1 million men—and a shortage of hard currency have meant a reduction in military assistance. Now the Chinese ordnance industry has to rely on arms sales abroad, said Wu.

He added that half Norinco's 170 plants and 700,000 workers were producing civilian products because of insufficient military orders.

And Li said: "Civilian production will play a major part in China's ordnance industry in the future." But we have to maintain some facilities for arms production in case of war."

Wu said: "Although our technology is not always as advanced as that in some Western countries, it is still good enough for us to go into the export market."

Shi Guoyan, a senior engineer with the China Great Wall Corporation, said: "Our research used to depend on funds allocated by the government. But since the government cut off the money supply we have had to export our satellite launching services to earn enough money to go on."

China began to sell arms when it adopted a policy of opening to the outside world. However, its sales figures are slight compared with the big Western powers.

Wu said that Norinco's development was the result of the transition from military assistance to arms sales.

Although government officials will not disclose the destinations for Chinese arms shipments, Wu said Norinco's arms were destined for Third World countries with friendly relations with China.

Norinco exports conventional weapons—guns, artillery, munitions and military vehicles.

"The technical level of some of our conventional arms matches the output from most foreign countries, and our after-sales service is very good," Wu said.

Besides selling arms, China is also prepared to export technology overseas.

"We are willing to co-operate with friendly countries to help them build up their own independent defence industry," Wu said. "China does not simply pursue profits."

China's defence industry had always been self-reliant and intended to stay that way, he added.

But "this policy does not rule out co-operation with Western countries," Wu continued, adding that Norinco had already co-operated with the United States, France and Britain.

For example, the corporation is working with a French company on the production of an armoured car. The French will supply the armament technology and the Chinese will manufacture the car. A prototype was on show at Asiandex.

Tax Bureau Placed Directly Under State Council
OW1911144688 Beijing RENMIN RIBAO in Chinese
17 Nov 88 p 1

[By reporter Wu Luncai]

[Text] Beijing, 16 Nov (XINHUA)—The State Office Organization Commission recently approved in principle a "three fix" [san ding 0005 1353] plan for the State Taxation Bureau.

According to this plan, the State Taxation Bureau will have 10 departments and offices. The bureau's main tasks are: managing the nation's tax revenue; studying and formulating tax policy as well as laws, statutes, and regulations governing industrial, business, and other taxes and the detailed provisions for their implementation; working out regulations governing tax collection and systems for planning, accounting, and statistics; formulating and implementing medium- and long-term as well as annual taxation plans; undertaking the responsibility for negotiating international tax agreements and accords and for the collection and management of taxes involving foreign nationals; managing tax revenues from exploitation of seabed oil resources; dealing with questions of tax reduction and exemption according to the relevant tax laws; and undertaking the responsibility for collecting and managing construction funds for key energy and transport projects.

The State Taxation Bureau, formerly known as the Ministry of Finance General Taxation Bureau, is now an organ directly under the State Council. However, it is

still under the administration of the Ministry of Finance. Its work is guided mainly by the minister of finance and the relevant meetings of this ministry.

Three Gorges Project Meeting Opens 21 November
HK2211031288 Beijing CHINA DAILY in English
22 Nov 88 p 1

[By staff reporter Liang Chao]

[Text] Scientists working on the construction of the world's largest hydro-electric dam have said it could cost more than 36 billion yuan to build.

The scientists, speaking yesterday in Beijing on the first day of a meeting to discuss the Three Gorges project, criticised the fact that the projected cost of building the dam on the Yangtze River had been based on 1986 figures.

Since then, they said, prices had soared and the cost of building the dam on China's largest river had rocketed as a result.

Some scientists also raised other serious questions about the project and said that further and more comprehensive studies should be carried out.

Participants in the current meeting—the ninth held to discuss the project—are concentrating their attentions on water levels and the economic value of the project.

Twelve of the 14 required feasibility studies into the project have been completed in the past two years.

Reports on the two remaining studies should be handed in for approval to the leading group in charge of the project next week at the end of the ongoing meeting.

The final report—drawing together all 14 feasibility studies—will be examined by this leading group and then handed over to the State Council for approval.

The proposed dam will be 185 metres high and its water level will be 175 metres.

Good Geological Conditions
OW2011063588 Beijing XINHUA in English
1653 GMT 18 Nov 88

[Text] Beijing, November 18 (by XINHUA correspondent Fu Pingping)—When the three gorges reservoir is built, will it cause an earthquake? Will the dam collapse? Will it cause a landslide? Will the reservoir block up the navigation channel?

A special team of experts doing feasibility studies on the geology and seismicity of the project says in its report that the geological conditions of the project region are good and are suitable for the construction of a huge hydroelectric power project.

They also definitely confirmed that the dam won't collapse and the navigation channel won't be blocked up.

Research work on the geology and seismicity of the three gorges project has been systematically carried out since 1955 by hundreds of geologists from more than 40 production, teaching or research departments.

The team of experts' general appraisal of the damsite at Sandoupin is as follows: It offers an excellent foundation of precambrian granitic rocks and a topography that is well suited to the construction of a high concrete dam.

The site is one with unusually favorable conditions, the report stressed.

As for the potential problem of the reservoir inducing an earthquake, the report says that the project region is one of low tectonic and seismic activity.

It also says that even if the reservoir were to induce the severest earthquake—one estimated at about 5.5 on the Richter scale—the stability of the damsite would not be affected, because the fault zone at the closest point is 17 km upstream from the dam.

According to the report, the stability of the reservoir banks will not be affected by the construction of the dam because most of the banks of the projected 650km-long reservoir are formed of solid and medium-solid rocks, and there is little possibility of new landslide factor.

The report also points out that there is no danger of restriction of navigation.

But, as landslides are common in the mountainous areas at the juncture of Hubei and Sichuan Provinces, where the three gorges project is to be located, the report also points out that whether the project is to be built or not, research work on landslide phenomena is urgent for the development of the region.

Experts Study Resettlement Problem
OW2111072588 Beijing XINHUA in English
1454 GMT 19 Nov 88

[Text] Beijing, November 19 (XINHUA correspondent Fu Pingping)—A panel of Chinese experts has pointed out that the resettlement problem of the Three Gorges Project is an arduous one, but it can be solved providing plans are carefully made and implemented.

They reached this conclusion after spending 18 months studying the work done by relevant departments and institutes in the past decades, and materials collected from on-the-spot investigations during the feasibility study of the problem.

The panel was headed by Zhang Yue, a researcher at the Agricultural Policy Research Office under the Chinese Communist Party's Central Committee and consisted of provincial, prefectural, and county leaders, and resettlement experts.

It is estimated that when the water level behind the dam reaches 175 meters, 19 counties and cities along the river between Chongqing and Yichang will be affected.

According to 1985 statistics, 725,500 people would have to be resettled, of which 392,900 are urban dwellers and 332,600 are from rural areas.

When they were making the resettlement plans, experts took into consideration the natural population growth and other factors, and fixed the respective evacuation figures for urban, township, and rural areas 2.61, 2.44, and 2.7 times higher, respectively, than the 1985 figures.

In this way, the total population to be resettled would be 1,131,800 by the year 2008, when the resettlement is scheduled to be completed.

The panel of experts also revealed in their final report that the 19 counties and cities involved all have enough space for proper resettlement of the evacuees.

They noted that judging from the land available for relocation, most of the emigrants could be resettled within the boundaries of the counties or cities where they now live. About 60 of them could engage in farm work or sideline production, and 40 percent could do industrial or service work.

The relocation, they said, would be carried out alongside development plans instead of the traditional way of replacement and compensation. That means efforts will be made to make efficient use of compensation payments to improve livelihood, provide job opportunities, and deal with extra population impact.

The Three Gorges is one of the most heavily populated areas in China, and it is also one of the poorest areas. Therefore, the local people are anxious to see the building of the dam and its concomitant economic benefits.

Already, new sites for the relocation of towns and cities expected to be submerged have been selected. Experts hold that environmental conditions at these sites are much better than at the old sites and have room for further development.

The resettlement cost estimated on the 1987 price index by the panel was 11.61 billion yuan, of which 61 percent will be directly used for the relocation of people, 25 percent for capital construction, and 14 percent for scientific research and other expenses.

But they also pointed out that it is necessary to leave a margin for error when counting the cost, because the area is underdeveloped and difficulties in the process are hard to predict.

They stressed that the proposed resettlement plan is feasible if the project is to be built in the near future. But, if it is postponed, the resettlement costs would rapidly increase and so would the relocation difficulties.

Hu Qili Greets Journalism Study Class
OW2111201088 Shanghai JIEFANG RIBAO
in Chinese 16 Nov 88 p 1

[Excerpts] Beijing, 15 Nov (XINHUA)—As students of a journalism study class, 44 responsible persons from newspaper, broadcasting, television, and propaganda departments began their 1 and ½ months of study and research work today.

The opening ceremony was held at the newly completed CPC Central Committee's Propaganda Department's center for training national propaganda cadres. Comrades Hu Qili and Rui Xingwen arrived at the center this morning to offer their congratulations.

Wang Renzhi, director of the Propaganda Department of the CPC Central Committee, presided over the opening ceremony. He said the main purpose of the class was to study the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and to study ways to improve news reporting work in the crucial period of reform.

How should news reporting work be carried out in the period of reform? Comrade Rui Xingwen raised a number of questions for the participants to discuss. After raising a few topical questions of common interest to all, Rui Xingwen stressed the importance of training propaganda cadres under the present circumstances, noting that many problems in the current reform and in daily life urgently await correct theoretical solutions. Comrade Rui Xingwen affirmed the achievements that have been made in the reform of journalism. [passage omitted] However, views on some basic questions regarding journalism theory are not all identical, he said. He urged the attending students to get together and discuss such issues as the nature of journalism, its tasks, freedom of the press, supervision and guidance of public opinion, to gradually originate a journalism theory with Chinese characteristics.

Hu Qili expressed the hope that the journalism study class will be run in an open-minded and democratic way. He called for new methods of running schools and new study style of integrating theory with practice. [passage omitted]

Economist on Need for Modern Management Ideas
HK2211120588 Beijing RENMIN RIBAO in Chinese
17 Nov 88 p 3

[Dispatch by reporter Zhu Huaxin (2612 5478 2450): "Economist Jiang Yiwei Addresses Seminar on Business Culture, Says Business Management Should Transcend Early Capitalist Pattern"]

[Text] Beijing, 16 Nov—The murder of entrepreneur Wang Shuqin (3769 3219 3830) by Li Dan, a young employee in her unit, caused shock waves in all circles. In the course of intensifying entrepreneurial reforms, the conflicts between some local entrepreneurs and employees have grown more acute. Speaking on this issue, noted economist Jiang Yiwei (5592 0001 5517) gave this observation: To a certain extent, both the murderer and the murdered are victims of the old system.

Recalling the history of the development of world business management, Jiang Yiwei pointed out: China's ideas on business management have remained in the early capital period. This period was characterized by the (Taylor) [Tai Luo 3141 5012] system of scientific management which focused only on the material aspect and neglected the vast effects that man's subjective activity had on production efficiency. Since the beginning of this century, psychology and behavioral science have been incorporated in business management which now regards an employee as a "social man" who needs a sense of security and of belonging, and not as an "economic man" whose initiative can only be stimulated by economic gains. Citing an example, Jiang Yiwei said that the belief that "only a sense of crisis can produce initiative" is one-sided; initiative comes from having a sense of belonging. He believed that the proposal of the concept of "business culture" means the following: That modernization of management thinking will require the promotion of business culture, formation of a definite popular consciousness and definition of a code of conduct for popular organizations on the basis of a democratic system in enterprises; that the highly concentrated plant manager responsibility system should be established on the basis of democracy; that we need entrepreneurs of modern commodity economy and not entrepreneurs of the early capital period.

The seminar on business culture held here today was sponsored by 37 media organizations including XIN GUANCHANG [NEW OBSERVATION 2450 6034 1390], enterprises and academic units. Zhu Houze, the newly elected first secretary of the All-China Federation of Trade Unions, said at the seminar: If we cannot create an entrepreneurs' class out of the working class, then we are

not a good working class; if an entrepreneur cannot stimulate the initiative of its employees, then he is not a good commander. As a new century approaches, the launching of studies on principal subjects including business culture is of immense significance to the strengthening of cohesiveness of enterprises and of the Chinese nation as well as to the reinforcement of vitality in the entire society.

Finance Ministry's 'Three Fix' Plan Approved
OW1911100588 Beijing RENMIN RIBAO in Chinese
17 Nov 88 p 1

[By reporter Wu Luncai]

[Text] Beijing, 16 Nov (XINHUA)—The Ministry of Finance's "three fix" [san ding 0005 1353] plan has recently been approved in principle. According to this plan, the Ministry of Finance will have 21 departments and bureaus and take charge of the State Taxation and Asset Administration Bureaus. On behalf of the State Council, it will also take charge of the General Taxation, Financial, and Price Inspections; State Leading Group for Control of Institutional Purchase; State Leading Group for Management of Land Development and Construction Fund Offices; and some other nonpermanent State Council organs.

As pointed out in the "three fix" plan, which the State Office Organization Commission has examined and approved in principle, the Ministry of Finance is a State Council department exercising overall management of the nation's revenues and expenditures, taking charge of its financial and taxation policies, and supervising its financial affairs. It is important to keep these functions unchanged and define the scope of the Ministry of Finance's work and responsibilities. The Ministry of Finance should have appropriate subordinate departments to ensure the normal functioning of its financial and taxation work so that the ministry will achieve better results in fulfilling its funds accumulation and distribution tasks and will give full play to its macroregulation, control, and supervision roles in developing socialist planned commodity economy.

LIAOWANG on Possibility of Debt Crisis
HK1911023188 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 46, 14 Nov 88 pp 5-6

[Article by Chen Jian (7115 0256): "Will China Sink Into Debt Crisis?"]

[Text] Debt—A Double-Edged Sword

Ten years ago, China was still a country proud of her condition of "incurring no foreign debt nor domestic debt." In the past 10 years, this condition has gradually changed. She first began to contract some foreign loans with great care, and then rapidly increased her foreign debt and domestic debt. Knowing the necessity of contracting debts and knowing how to effectively make use

of the borrowed funds should be construed as a major achievement of China's reform and opening up. According to statistics, China has now contracted a total of \$30 billion of foreign loans with a tenure of 1 year or longer, and about 60 percent of these loans were contracted and will be repaid by the state finance authorities. In addition, China has also contracted short-term loans with a total value of more than \$10 billion. By the end of last year, the outstanding balance of long-term and intermediate-term loans contracted by China was equivalent to 6 percent of the GNP. Beginning in 1981, China also contracted domestic debts totaling 35 billion yuan in the form of issuing state treasury bonds. In 1987, the state issued 10 billion yuan of key construction bonds and key enterprise bonds. At the same time, various localities have also issued other forms of bonds.

The move to contract debts brought vigor to China's economy, and the effect was obvious. However, the upsurge of debt contracting also caused worries to more and more people. A few years ago, the mainstream opinion in China was that we should more courageously contract more debts; but now, many people hold that the growth rate of debts should be brought under control and the debt structure should be adjusted; and some people even call for putting on the emergency brake to stop further debt contracting. The serious debt crisis in Latin America and the economic unrest in Yugoslavia and Poland all provided grounds for the opinion on putting on the brake, and this has more or less affected the decisionmaking process in the Chinese leadership.

The poor and huge Republic needs huge amounts of money to carry out her construction and to maintain a certain growth rate. Debt contracting can, on the one hand, satisfy this need; but on the other hand, the debt pressure also expands this need. As the debt repayment peak is drawing near, the latter is casting a bigger and bigger ominous shadow over China's economy. Which side will the debts, as a typical double-edged sword, cut? Will they become tomorrow's trap? The economists and statesmen on the mainland now must give serious thought to this difficult question.

From Unitary Capital to Plural Capital

In the few decades before 1978, China had only one channel for raising funds needed for her economic construction, and that was determined by the highly centralized structure of the planned economy and the highly centralized political model. In the 1950's, after the large-scale socialist transformation, the dynamic channels for the increment in nongovernmental capital were all clogged. Then, the limited foreign funds coming from the socialist camp were also withdrawn from China. Under these circumstances, China could only rely on the highly centralized planning system of the state to accumulate construction funds by forming the "price scissors" between agricultural and industrial products and

adopting other measures. However, the planning economy not only demonstrated a strong capacity of concentrating resources, but was also characterized by the low efficiency usually existing in the government control over capital. As a result, while building up a considerable industrial system and certain national defense capacity, China also formed an economic system of low efficiency with all enterprises being controlled and managed by the government through administrative plans. In the same period, Japan, the four "small dragons" in Asia, and the European and American countries saw their golden time and their quickest development. China not only raised the absolute value of her per capita national income very slowly, but also found her ranking place in the world fall as compared with that in the early 1950's. In 1977, the per capita currency income of the Chinese peasants, who accounted for 80 percent of the national population, was even less than 100 yuan! History shows that the unitary system of a planning economy will not be successful in economic development.

Therefore, from the very beginning, China's economic reform concentrated on tapping two other sources of funds or capital: One is foreign capital, and the other is nongovernmental capital in domestic society. In the late 1970's, nongovernmental capital was extremely limited and was mainly scattered in the hands of some rural collectives. It was hard to achieve quick results if construction relied on these limited funds. So people naturally directed their eyes toward foreign capital and foreign loans. It was against this background that China tried to launch a foreign-financed "Leap Forward" by making use of foreign funds in a big way. Due to the limitations of the existing systems and other factors, this had to be stopped. Beginning in 1979, first in Shenzhen, then in some key coastal cities, opening up policies and measures were adopted. Earlier this year, an economic development strategy for coastal areas was formulated and implemented. In essence, they were all aimed at foreign capital.

Along with the advances of reform and opening up and the growth of the economic strength, China's third capital source of the greatest potential has also taken shape. That is domestic nongovernmental capital. In the 1980's, non-state-owned township and town enterprises in the countryside increased their employees by an average of nearly 10 million people a year; and the individual and private enterprises have also increased their proportion in the economy. By the end of 1987, the total savings of the urban and rural residents in China amounted to about 400 billion yuan. Funds outside the state budget or outside the planned economy also amounted to nearly 200 billion yuan. The key question at present is how to more effectively turn the money idly scattered in society into industrial or commercial capital. Obviously, it is not enough if we merely rely on the method of issuing state bonds or mobilizing the people to invest in some enterprises run by the township and town governments. Maybe, a more effective method is to

foster as quickly as possible a number of private entrepreneurs who are good at raising, managing, and making money. This force was rather weak in the past and was eliminated too early. However, this may come into conflict with some ideological issues and some traditional notions.

At present, China has eventually taken some steps in this regard. First, the 13th CPC National Congress in late 1987 announced that China is situated at the "initial stage of socialism." Then, the NPC officially revised the Constitution last spring by adding a new stipulation on protecting the legal operation of private enterprises, whose development was thus officially guaranteed by the state. Hainan Province, which was newly established this year, explicitly laid down a basic principle that the province will not maintain a "mainland economic model" characterized by the prolonged coexistence of diverse economic elements with public ownership as the foundation; instead, enterprises solely owned by foreign investors, Chinese-foreign joint ventures, and Chinese-foreign cooperation enterprises will become the main body of the economy. In another word, China has begun to openly develop a new model of socialism on the basis of nonstate ownership on the scale of a province. For a big socialist country, this is indeed a courageous step and a major move in reforming the structure. If this tendency continues to develop, we have reason to believe that nongovernmental capital in China, through a certain period of accumulation, will eventually become a main force full of vigor in China's economic development.

Through reform and opening up in the last 10 years, China's traditional unitary development pattern based on the planned economy has been changed into a new pattern characterized by the coexistence of plan-controlled capital, local capital, foreign capital, and non-planned nongovernmental capital. In view of this situation, whether China will fall into a trap of debt or not will not be merely contingent on the condition of the foreign debts, and will depend on the balance of strength between the planned capital and the nonplanned nongovernmental capital. Only by giving consideration to the two factors can we make more accurate forecast.

The Crux of the Matter

Over the past period, when discussing the foreign debt issue, finance experts in China mostly held that problems existed in the four fields, namely, in the fields of contracting, using, managing, and repaying foreign debts.

For example, the schemes of contracting foreign debt are approved and handled by many different departments; the State Foreign Exchange Administration Bureau does not perform their functions properly and its management is in a passive condition; the existing debt management organization is still using administrative means to merely control the total amount of debts and relies less on the legal and economic means to exercise flexible and

effective quality control; there are no necessary scientific procedures for examining and approving the debt contracting plans, and no guarantees to ensure that all loans, especially large loans, can be contracted on favorable terms, be used in a proper way, and be repaid on time; and so on.

There are also many problems in domestic debt. Some people have pointed out such problems concerning the issuance of the state treasury bonds: In the marketing of the bonds, there was noncommercial propaganda, and this covered up the interest rate advantages of the bonds; the bonds were issued by an administrative means, and this turned the state bonds into another form of taxation; the tenure and interest rate structure of the state bonds were not diverse enough, and this could not meet the needs for the diverse structure of funds laying idle in society and could not achieve the result in adjusting the currency circulation through the changes in the tenure structure of the bonds; the cost of bond issuance was too high; there was a rampant black market; the funds raised through the issuance of the bonds are not used in a well-defined orientation, and this makes it hard to assess the economic results of the funds; the bonds lack flexibility in being quickly turned into cash; insufficient consideration has been given to the financial bearing capacity of the government when more and more bonds are being issued; the functions of the government finance departments and the banks are not clearly distinguished from one another; in recent years, the interest rates of bank deposits, bonds issued by finance institutions, bonds issued by enterprises, and the state treasury bonds took turns in rising and were involved in intense competition.

Both domestic and foreign experience shows that the main reason for the appearance of a debt trap lies in the heavy burden of debt services which continuously offset the additional national income, and eventually trap the national economy in a predicament of zero growth or negative growth. Will the above-mentioned problems cause this predicament? According to the calculation of some people, the first debt repayment peak will come in 1990. Then, the state finance will face the commitment of paying a total of some 26 billion yuan in principal and interest to serve the domestic debts and paying \$7 billion in principal and interest to serve the foreign debts. That is to say, 10 percent to 20 percent of the national income will be used to serve the debts. This will certainly affect China's ambitious development program.

However, if we merely strengthen overall control and coordination of the central authorities, will this ensure a reasonable condition in contracting, using, managing, and serving debts? An obvious fact is that 10 years ago, China maintained perfect control in this regard, and there was no any debt risk whatsoever, but the entire economic condition at that time was much inferior to today's. This shows that the idea of relying on the intensification of centralized control to manage the debt affairs is too naive and conservative.

The successful experience in some countries and regions gives much food for thought. Columbia and South Korea not only succeeded in leaping over the debt trap, but also vigorously advanced into the ranks of developed countries and regions. In particular, South Korea contracted debts more than twice as large as China has done today, but according to the analysis of some experts, South Korea is expected to change from a debtor into a creditor in the early 1990's. Their experience shows that aside from effective government management, it is more important to build a production structure and an enterprise system of high efficiency corresponding to the high interest costs of the capital.

Therefore, we have every reason to argue that in the future, whether China faces a debt crisis or not does not merely depends on how the state foreign exchange administration strengthen overall control and management (of course, this is indispensable); instead, this depends on whether a production structure and an enterprise system of high economic efficiency corresponding to the high interest costs of the capital will be built in China's national economy. In other words, whether China will be able to prevent herself from falling into the debt trap will depend on whether China's economic structural reform will succeed or fail. This point has been proved by some East European countries.

In this sense, so long as China's domestic economic reform continues to advance, there is no need to feel excessively worried about the expansion of the scale of domestic and foreign debts, even if the debts double and redouble. What is really worrying is the current condition of low efficiency which remains unchanged. If this state of affairs continue to remain unchanged, a crisis may really befall us.

Economist Urges Removal of Redundant Workers
OW2011065388 Beijing XINHUA in English
0731 GMT 18 Nov 88

[Text] Beijing, November 18 (XINHUA)—The slow down in reforming the way people get and keep jobs in China has become a drag on the country's economic reform program, a noted labor economist says.

The economist, Feng Lanrui, points out in an interview with the Beijing - based newspaper "ECONOMICS WEEKLY" that this inability to accelerate required changes is an important factor behind the increasingly serious inflation problem in China.

Feng believes the crux of the matter is getting rid of the featherbedders, the redundant workers who form a body which she calls the hidden unemployed.

Despite 10 years of reforms, hidden unemployment still constitutes a serious problem, she says.

According to conservative estimates, as many as 20 million workers in state - owned enterprises and non - business institutions and state organs are redundant. The amount of waste is staggering.

Feng cites a survey of Shanghai's state - owned enterprises as showing worker initiative at the lowest level since the birth of the People's Republic in 1949.

The survey found the employment and wage systems have just created lazybones. As a result, enterprises have to employ a larger work force than they need, thus dramatically increasing labor costs.

Between 1984 and 1986, the labor cost per unit output value shot up 25 percent. The cost per unit profits soared 75 percent. The increase has put enterprises in great difficulty. It has fuelled inflation, posing an obstacle to wage and price reforms, Feng said.

She says the hidden unemployment is becoming serious due chiefly to three obstacles to the reform of the labor and employment system.

One is psychological. Traditionally it has been held that there cannot be unemployment in a socialist society. To this, many units have had to employ more workers even if there is no work to be done.

The second obstacle is institutional. In many places today, the government decides how many workers an enterprise should employ. Therefore, it is rather difficult for a person to find a job on his own. What is more, as many workers have been employed on a permanent basis, they cannot be dismissed unless they commit a legal offence.

The third obstacle is relevant to the interests of workers. The loss of a job means the loss of security and material benefits unavailable elsewhere.

Feng said a new concept towards unemployment should be developed.

It should be admitted that unemployment is inevitable even in a socialist society when the industrial structure undergoes a change, when equipment is renewed, when technologies are improved or when labor productivity increases.

Meanwhile, the personnel system should be reformed to allow workers freedom to move from one place to another and employment in permanent basis should be replaced by a contract system.

In addition, a social security system should be introduced so the unemployed can be guaranteed a living while looking for new jobs. This would allow hidden unemployment to be exposed and redundant workers laid off.

Commentator's Article on Trade Union Congress
OW2111180488 Beijing BAN YUE TAN
in Chinese No 20, 25 Oct 88 pp 6, 7

[Journal commentator's article "Safeguard 130 Million Workers' Interests—Congratulating the Opening of the 11th National Congress of Trade Unions"]

[Text] China's trade union movement has moved forward together with the country's socialist modernization drive in the past 10 years of reform. On the stage of reform and opening to the outside world, 130 million workers have put on a spectacular historical play, and a large number of entrepreneurs and management personnel with pioneering spirit who can keep pace with the time have emerged. Trade union's role in the process is obvious to all.

However, trade union's nature has become unclear because of the disturbances caused by the "leftist" ideology and the influence of the old system. This worries people. In the eyes of many people, trade unions have almost become a department of the party, or even an affiliated organization of the government.

As a mass organizations of workers, trade unions have not been able to speak for and safeguard workers' legitimate interests and democratic rights in an effective and clear-cut manner, nor can they carry out their social functions at their own discretion.

As important social political groups in the nation's political system, trade unions have not exercised their democratic rights and played an active and supervisory role in state and social life. A trade union's role in enterprise democratic management only exists in name at many enterprises.

The system of appointing trade union cadres has made workers feel that trade union cadres are by no means representatives and leaders elected by themselves. Promotion of democracy within trade unions has met with many difficulties.

The vast numbers of workers have complained the most that trade unions dare not stand for and safeguard their legitimate interests and democratic rights, or speak up and do something for them. Trade unions cadres who are treated unfairly because they speak for workers do not receive any support from the higher authorities. Because of this, trade unions have performed fairly poorly in attracting and uniting workers.

Because of all this, we must use the sharp sword of reform to clean up all the messes of the old system and develop trade unions into independent and democratic mass organizations of the working class that are subject to the party's leadership and that can be trusted by all workers; and into social political groups that can play an

important role in state and social life. The 11th National Congress of Trade Unions is being held now. Vast numbers of workers hold high hopes for the congress.

What are the important tasks of a trade union of a socialist country? The following four are important: safeguarding the legitimate interests and democratic rights of workers; encouraging workers to work hard to accomplish reforms and economic and social development tasks; taking part in the management of state and social affairs, and the democratic management of enterprises and institutions; and raising the educational level of workers. Currently, in view of trade unions' poor ability to safeguard workers' interests and the sharp increase in problems concerning workers' interests that have emerged in the course of strengthening reforms in all spheres, trade unions must devote a major effort to safeguarding workers' interests.

In order to properly carry out their social functions and enhance their ability to attract and unite workers, trade unions should strengthen their relations with the party and government.

Party leadership over trade unions should be political, that is, a leadership in political principle, political course, and major policy-making. The nature and social functions of a trade union are different from those of the party; therefore, the form of the activities of a trade union and the party should also be different. The party should support the organizational independency of trade unions, must not take on or interfere in the daily affairs of trade unions, and should support them in carrying out their social functions according to the law and their constitutions.

The nature and functions of a trade union are also different from those of government. A trade union serves as a democratic participant and social supervisor in the process in which the government exercises its administrative power. Trade unions should abide by government policies and orders and mobilize workers to carry out tasks set by the government, while the government should respect the trade unions' legal status and legitimate rights and support them in safeguarding workers' legitimate interests.

China is currently in a time of big changes. Reform is not only the business of leaders and reformers. Without the principal ideological awakening of history creators and the spontaneous participation of the masses, any kind of reform is just a wishful thought, and is bound to suffer setbacks. Total success of reform cannot be achieved without the awakening and participation of the masses, particularly the working class. In this sense, there is a lot trade unions can do.

Now that reform has entered a critical period, we particularly need to arouse the masses' enthusiasm in working for the four modernizations and rejuvenating the Chinese nation so that a strong spiritual pillar for uniting

the people, spurring them to work shoulder to shoulder, and consolidating the power of all the people can be formed to win the victory of reform.

To successfully carry out this task, trade unions must be able to arouse workers' enthusiasm in making reforms while effectively safeguarding their legitimate interests and democratic rights, speaking out and acting for them so that workers would truly feel that trade unions are their own organizations upon which they can trust and depend. Only by successfully carrying out these two tasks can trade unions unite workers to fight for the realization of our common goal of building the four modernizations and rejuvenating the Chinese nation.

Safeguarding workers' interests by trade unions does not mean that trade unions are allowed to satisfy workers' temporary interests at the expense of the long-term interests of all the people. On the contrary, trade unions, in the critical period of reform, should urge workers to put the interests of the whole above other things, and help to tide the party and government over the difficult period. History demands that these few generations of Chinese people make sacrifices for and a fair amount of contributions to the great revival of the Chinese nation.

History is expecting the Chinese working class, who overthrew the three mountains of imperialism, feudalism, and bureaucrat-capitalism, to awaken and stand up again in the era of reform. History is expecting Chinese trade unions, who have the largest number of members in the world, to play a more active role in the process of reform and construction.

Tourist Industry Losing State Foreign Exchange
HK2211060788 Beijing ZHONGGUO XINWEN SHE
in Chinese 0340 GMT 18 Nov 88

[Report by Sun Yongliang (1327 3057 5328)]

[Text] Beijing, 18 Nov (ZHONGGUO XINWEN SHE)—According to statistics released by the department concerned, China loses \$700 million foreign exchange annually through its tourist industry. It has been learned that Guangdong Province alone loses HK\$3 billion of foreign exchange, equivalent to \$380 million, to society annually. Those concerned observe that this is a very conservative figure. In addition, all the hot spots of the tourist industry in Beijing, Shanghai, Xian, Guilin, Suzhou, and some other cities also lose large amounts of foreign exchange annually.

The loss of foreign exchange means that not all the foreign exchange spent by foreign tourists in China turns into state foreign exchange income. Instead, part of this foreign exchange leaks to society through various channels. Over the past few years, this situation has gradually become a widespread phenomenon in China. Statistics show that in 1987 China received 18 percent more

foreign tourists than in the preceding year, but that China's foreign exchange income collected from its urban communications services dropped by 50 percent.

According to analysis, China's loss of foreign exchange through its tourist industry has mainly been caused by the following five factors: 1) Some foreign tourists have exchanged their foreign currency for renminbi with their relatives in China. This is the basic channel through which foreign exchange has leaked to society. 2) Some foreign tourists have exchanged their foreign currency for renminbi with Chinese people on the street. 3) Some Chinese people doing foreign-related work have privately exchanged renminbi for foreign currency with their foreign guests or clients. 4) Some foreign tourists have given de facto tips to the Chinese serving them. 5) Some foreign tourists have bought things from local Chinese people with foreign currency.

A few years ago, the above-mentioned phenomena were mainly associated with Overseas Chinese and Hong Kong and Macao compatriots who came to China for sightseeing. Now such phenomena have extended to foreigners, particularly some individual foreigners traveling in China. For example, "backpack tourists" from Northern Europe are widely known to have been associated with the above-mentioned phenomena.

Because foreign exchange has been in circulation in society, a foreign exchange black market, where foreign exchange is resold and bought at higher prices, has already emerged in China. Some people use the foreign exchange they obtain from the foreign exchange black market to buy the imported commodities they want. Some people simply take the foreign exchange they obtain from the foreign exchange black market with them when they go abroad. As a result, a considerable amount of foreign exchange has leaked out of China. In order to enable the foreign exchange in circulation in society to serve the economic construction of China, the Bank of China has started its domestic foreign exchange deposit service and has successfully gathered part of the foreign exchange circulating in society.

The experts concerned observe that China's loss of foreign exchange through its tourist industry is no longer a problem related to the tourist industry alone. The departments concerned should waste no time in working out a whole series of effective measures aimed at preventing and stopping any further loss of foreign exchange.

More Reserves Verified in Zhongyuan Oil Field
OW2011093588 Beijing XINHUA in English
1614 GMT 18 Nov 88

[Text] Zhengzhou, November 18 (XINHUA)—China's fourth-largest oilfield has proved another area of oil reserves and has thus brought the total of proved reserves to over 2.3 billion bbl, an official of the Zhongyuan oilfield announced here today.

Che Zhuowu, deputy head of the Zhongyuan Petroleum Exploration Bureau, said the newly discovered oil covers an area of 257.7 sq km, and the oilfield has a natural gas reserve of up to 100 billion cu m.

The oilfield's Dongpu Depression has been proved to be an oil-bearing ground with many layers, rich resources and high quality, but it lies deep underground, he added.

More reserves will be found in the area, the deputy head believed.

Some 50 million bbl of crude oil is expected to be exploited in the oilfield this year, making it the fourth-largest in China after the Daqing, Shengli and Liaohe oilfields. Since 1979, some 225 million bbl of crude oil and 1.9 billion cu m of natural gas have been exploited with an annual increase rate of 69 percent.

Article Views Problems in Deepening Rural Reform
HK2211102588 Beijing GUANGMING RIBAO
in Chinese 5 Nov 88 p 3

[Article by Chen Jiyuan (7115 0679 0337): "Several Problems Concerning the Deepening of Rural Reform"]

[Text] Rural reform is an important impetus bringing about economic prosperity in the rural areas over the last 10 years. Moreover, deepening rural reform is where the hope for the healthy development of the rural economy lies. Deepening rural reform should be aimed at resolving the problems in the rural microeconomic organization and at creating a suitable macroenvironment for rural economic development as well.

Improving the Contracted Responsibility System on a Household Basis With Payment Linked to Output

One of the great achievements in rural reform over the last 10 years is the establishment of the rural microeconomic system—the contracted responsibility system on a household basis with payment linked to output. This system has brought into play the initiative and creativity of the peasants. It should be confirmed that taking each peasant household as the basic unit in agricultural production and operation corresponds to the natural characteristics of agricultural production and suits China's socioeconomic conditions as well. Therefore it has strong vitality. Fundamentally speaking, the natural characteristics of agricultural production will remain unchanged for a predicted period in the future. Although modern production technology and equipment will help improve the human ability to control nature, agricultural production cannot be carried out in as highly a concentrated manner as industrial production. Household labor will continue to be the necessary condition for the effective development of animal husbandry and agriculture, because this labor is full of initiative, enthusiasm, and flexibility. Agricultural production technology has

developed to a very high level in some advanced countries, but household farms still remain the principal form of agricultural production and operation. Therefore, the basic pattern of household operation will remain unchanged for a long historical period to come.

There are also problems in the course of exercising the contracted responsibility system on a household basis: Equal distribution and utilization of land has hampered land from being used in a concentrated manner and affected the improvement of economic results in agricultural production; the separation of land ownership from the right to use land has not been able to facilitate the formation of an investment mechanism, instead it has reduced investments in land; and production on contracted farmlands is carried out predatorily, thereby making land management lax and seriously affecting soil fertility.

To increase investments in land and rationally use it, many localities have in recent years strengthened administration over contracted land, criticized the peasant households who carry out production predatorily, and given them yellow card warnings. To enable the peasants to engage in long-term operations, many localities have prolonged the term of contracts, thus stabilizing their operational rights. These measures have played a positive role in using land more rationally but have not been able to help stop predatory production. Therefore some people have shifted their attention to reforming the land system.

There are three ideas concerning land system reform: The first is to exercise the state ownership system; the second is to exercise the private ownership system, that is, delegating ownership to peasant households; and the third is to maintain the existing collective ownership system. These three ideas are aimed at resolving land ownership. As a matter of fact, reforming the land use system will allow us to gain ideal results in resolving the operational problem of contracted land.

Since the implementation of the output related contracted responsibility system, the right to use land has actually been separated from the land ownership right, but this separation is limited by the time specified in relevant contracts. This will not help the peasants exercise long-term land management. Commercializing the right to use land and allowing land to be used compensatorily, to be leased, and to be transferred will be beneficial to strengthening land management, to using land more rationally, to increasing investments in land, and to improving land fertility.

Establishing a Rational Price Parity Between Agricultural Products

In the first half of 1979 the purchase prices of 18 types of agricultural products including grain were raised by a wide margin, thus greatly stimulating the peasants' initiative in production. This was one of the main reasons

for the new record in grain and cotton production since 1984. But this also ignited rotational price increases on industrial products. Viewed from the price parity in general, the prices of agricultural products are now at the bottom of the ravine. Viewed from the price parity between agricultural products themselves, the prices of some agricultural products have increased quickly but others still remain unchanged. In such cases, profits from grain production are low. These price relations have seriously dampened the peasants' initiative in farming, and particularly in grain production. This has been an important reason why the state plan for grain production has not been fulfilled over the 3 years since 1985.

It is true that rotational price increases have been due to the expansion of capital construction, to the increase in aggregate demand, and to the excessive injection of money. But fundamentally speaking, these price increases have resulted from the fact that the Chinese economy has not completely turned into a commodity economy and that the commodity market has yet to be developed and improved. Under such circumstances, enterprises are not passively enduring market prices but are the active formulators of market prices. Enterprises will either raise prices according to production costs or transfer their losses to the state and enjoy state financial subsidies if production costs are higher than selling prices. In addition, rotational price increases have also been caused by problems in circulation. There are now more and more circulation links between enterprises and peasant consumers, many of which have been created for additional gain. Prices increase at each circulation link. Therefore, to form a rational price parity between industrial and agricultural products, it will not do simply to raise the prices of agricultural products. Instead, this should be resolved in close coordination and simultaneous with the reform of the entire economic structure, the reform of the all-people ownership system of enterprises, the reform of the macroeconomic management system, and the establishment and development of the urban and rural market system.

Positive and negative experiences in economic development have proven that relaxing control over the prices of agricultural products is beneficial to agricultural production. Measures contrary to this will hamper the development of agricultural production. But the aim in relaxing control over prices of agricultural products cannot be achieved in one stroke; a policy relevant to the reform of the entire economic structure should be implemented step by step. First, control should be relaxed over the prices of agricultural products whose supply and demand are basically in balance and that do not have a serious impact on the overall situation; when conditions are ripe, control over the prices of more and finally all agricultural products can be relaxed. Second, different reform measures should be carried out in different economic regions according to their degrees of economic development and to their ability to withstand and assimilate reform. This will facilitate the simultaneous relaxation of control over prices throughout the country and

prevent great risks in this connection. Third, during the substitution of the new structure for the old one, the double track system is still necessary with regard to the prices of some important agricultural products, and of grain in particular. But following the change in economic conditions, the scope of prices set by the state should be gradually reduced and that of negotiated prices expanded. Fourth, forming a rational price parity between industrial and agricultural products requires a certain cost, but the state cannot and should not be the only one to bear the cost. Efforts should be made to set up a mechanism under which the state, the urban people, and the peasants jointly share the cost of price reform.

Continue To Persist in Reforming the System of Purchase by State Quotas

The reform of the state monopoly over the purchase of agricultural products started in 1985. This reform has been taken as an important measure for invigorating the rural economy and as the central task in the first step of rural reform as well. But unexpected difficulties have cropped up in this reform over the last few years. These difficulties find expression mainly in the large-scale fluctuations in agricultural production. Grain production dropped in 1985, cotton production dropped in 1986, and pork production dropped in 1987. As a result, the state monopoly over the purchase of these products began to strengthen. In such cases, whether to persist in reforming the circulation system of agricultural products or to return to a state monopoly over the purchase of agricultural products was a major question that drew people's attention at that time.

The state monopoly over the purchase of agricultural products was established according to the need for socialist industrialization. It enabled the state to shift a large amount of funds from agriculture to urban industry. At the same time it also ensured a stable supply of agricultural products and their low prices. However, this system also produced negative effects on the development of agriculture and the entire national economy. Its consequences manifested themselves in the shortage of agricultural products and the poverty of the peasants. Therefore to develop agriculture and realize the modernization of the national economy, it is necessary to reform the state monopoly over the purchase of agricultural products and to establish the circulation system of agricultural products on the basis of the market mechanism. The contradiction between rural cadres and the peasants over the last few years has focused on the fulfillment of procurement tasks specified in their contracts. Contracted procurement is the same as purchase by state quotas, which is characterized by the substitution of compulsory, low price purchase for ordinary commodity exchanges, and administrative means for the regulatory role of economic levers in production and circulation. Because organizations of political power have been separated from economic organizations and peasant households have acquired independence in production and operation, it is difficult for the peasants to accept orders

that do not conform to their economic interests. Viewed from agricultural development, what needs to be done is not expanding contracted procurement, nor should we return to the state monopoly over the purchase of agricultural products. Following the change in economic conditions, efforts should be made to gradually reduce contracted procurement and to expand the scope of marketing. When conditions are ripe, the circulation system should be thoroughly directed at the market.

At present agricultural production is still unstable and there is a serious shortage of agricultural products. Under such circumstances, completely abolishing the system of purchase by state quotas and thoroughly relaxing control over the circulation and prices of agricultural products is something the state and the citizens find difficult to accept. But we should not do nothing either in this connection; something must be done with regard to reforming the circulation system of agricultural products and setting up and developing the agricultural products market. To resolve this problem, it is advisable to refer to foreign experience and to open a forward market for agricultural products on a trial basis. Through forward trade, risks can be transferred and information about commodity supply and demand can be obtained, thus stabilizing production and circulation. Apart from this, specialized and auction markets for agricultural products can be run in places where the relevant conditions are ripe, so as to develop the agricultural products market. This will help resolve the difficulties in circulating agricultural products and overcome confusion in the course of circulation.

Organizing and Forming a Social Service System

In the course of the transition from rural economy into modern commodity economy, it is necessary to form a social service organization that links itself to market and peasant households. This will alleviate the contradiction between decentralized peasant households and markets in society. Without forming this social service organization between the production and circulation fields, it will be very difficult to sell agricultural products, to suit agricultural production to market changes, and to enable peasant households to withstand market risks.

This intermediate organization linking production and circulation has increased in numbers and taken many forms over the last few years. First, economic bodies such as companies with powerful service functions have been established to organize commodity production for millions of decentralized peasant households. Second, supply and marketing cooperatives are cooperating with the peasants in running specialized cooperatives that produce certain types of agricultural products according to market demand. Various forms can be adopted in running specialized cooperatives; there is no need to demand uniformity. But their essence must be the same, that is, cooperation must proceed in the production and circulation fields under the guidance of supply and marketing cooperatives, the peasants being responsible

for carrying out production whereas supply and marketing cooperatives are responsible for organizing production, supplying materials, and purchasing and marketing products. Third, local government, particularly county and township (town) governments will set up social service departments to serve agricultural production and circulation. These service departments should become economic bodies assuming sole responsibility for their profits and losses to stimulate their employees' initiative. With the support of organs of power, these service departments will be able to effectively resolve difficulties in agricultural production and circulation, including difficulties in storing, transporting, marketing, and exporting agricultural products. Fourth, all types of technological research organs will help organize decentralized peasant households in their production and operations. Instead of through administrative means, they will combine decentralized small peasants with technological and economic belts. The relationship between technological research organs and the peasants is equal and mutually beneficial and will be specified in contracts.

The establishment of social service departments will play an enlightening role in how to resolve the contradiction between small-scale farming by individual peasant households and the large-scale socialized market. Apparently, this contradiction should not be resolved by local governments or regional organizations; otherwise this could bring about "rigid control" over the peasants' production and operations. Nor should we adjust the scale of land by compulsion when conditions are not yet ripe. As long as we do a good job in production and circulation, we will be able to guide the production and operations of decentralized small peasants according to market demand so as to enhance the degree of their socialized production, to improve the commodity rate of their agricultural products, and to meet market demand. In this process the peasants' income will also improve. The establishment of the social service system will also be good in improving cooperation and combination between decentralized peasant households. The peasants will willingly improve their cooperation and combination in the course of enjoying all types of social services. This will help blaze a new trail fundamentally different from administrative means that have forced the peasants on to the cooperative road.

Relationship Between Partial, Overall Development
HK2111075588 Beijing RENMIN RIBAO in Chinese
14 Nov 88, p 5

[Article by Qiu Shi (4428 4258): "Seeking Partial Development in the Course of Overall Development"]

[Text] Improving the economic environment does not mean putting a brake on the respective development of the various localities. Instead, it means to promote the development of various localities according to a rationally made arrangement and in light of the overall

situation of our country. Thus the various localities should seek their partial development in the course of the overall development of our country. This is the view to which we must stick to foursquarely when carrying out the spirit of the 3rd Plenary Session of the 13th CPC Central Committee.

The relationship between partial development and overall development is one of dialectical unity. Without partial development, there would not be any overall development. Moreover, overall development is not simply the combination of various partial developments. Only the breakthroughs in the partial developments which have an important bearing on the overall development of our country can open up new prospects for and push forward with the overall development of our country. Only when the overall development is pushed forward will various partial developments be pushed forward. The more we understand the dialectics regarding the overall development and the partial development, the more deeply we will understand the spirit of the 3rd Plenary Session of the 13th CPC Central Committee. Only by understanding the dialectics embodied in the overall development and the partial development will we be able to raise our own consciousness in improving the economic environment, rectifying the economic order, and furthering the overall reform of our country.

In the course of reform and opening up to the outside world, it is necessary to affirm the sense of crisis, the sense of urgency, and the desire for a faster development on the part of various localities with regard to their respective economic developments. Nevertheless, when formulating their own development strategies and making their own arrangements in relation to production and construction, various localities should first of all take into account the overall situation of our country. Only after they carry out a scientific analysis of all the factors affecting the overall development of our country will the various localities be able to formulate their own development strategies and make their own economic arrangements on a scientific basis. This is because the production and the scale of production of various localities are ultimately restricted by the overall national strength of our country.

Both production and construction demand means of production. If a cycle of production and construction is 1 year, the means of production produced in that year should primarily be used for the production purpose and then for the construction purpose. In addition, the means of production that can be used for construction purpose usually include: 1. The reserves of the previous year; 2. The funds invited from foreign countries in the same year; 3. The goods and materials bought with foreign capital. All these form an overall pattern restricting the production and the scale of construction. If various localities vied with one another for a faster development speed and a bigger scale of construction

and for investment, goods, materials, energy, and transportation regardless of China's national strength, then the overall production, constriction, development speed, economic results of our country as well as those of various localities would inevitably be adversely affected. As a result, no locality could achieve its desired results in the economic development and construction and our whole nation would suffer. We learned a lesson in this respect in the past and should avoid repeating our past mistakes.

"The coastal areas have been developing very rapidly. What should the hinterland do? What should the western part of China do?" This is a question people often ask. It is quite right and natural that the central and western parts of China also want to achieve a faster speed of economic development. However, since the central and western parts of China are worried about the growing gap between the coastal areas and themselves and want to keep up with or even surpass the coastal areas in respect to economic development, it is all the more necessary for us to carry out a feasibility study on this question first, which is actually a question concerning the relationship between the partial development and the overall development. The relationship between the coastal areas and the central and western parts of China is at once a relationship among the localities and a relationship between the partial and the whole. Although our country is formed by various localities, the various localities of our country each occupy a different position in our country's national development. Although the development of the coastal areas are regarded as the partial development, they have a strategic bearing on the overall development of our country. This means that in the years to come, so long as we can achieve gratifying results in developing the coastal areas, we will certainly be able to achieve gratifying results in the overall development of our country. Therefore, both the interests of the coastal areas and the interests of the whole country lie in a faster development of the coastal areas. The present gap between the coastal areas and the central and western parts of our country in respect of economic development is a temporary one and will eventually be bridged in the course of the overall development of our country. Therefore, we should not worry too much about the present gap between the coastal areas and the central and western parts of our country in respect of economic development. Instead, we should consciously understand the law of the economic development of the central and western parts of our country, which is that the gap between the coastal areas and the central and western parts of our country in respect of economic development will be gradually narrowed as a result of the overall development of our country.

At the present stage, by and large, the development of the central and western parts of our country is still restricted by such factors as geographical location, communication, development funds, technological environment, the history of the commodity economy, and so on. In his "Preface to A Contribution to 'The Critique of Political

Economy,'" Karl Marx pointed out: "Therefore, mankind always sets itself only such tasks as it can solve; Since, looking at the matter more closely, it will always be found that the task itself arises only when the material conditions for its solution already exist or are at least in the process of formation." This view of Karl Marx has greatly enlightened us. While the coastal areas are rapidly developing, the central and western parts of our country should not just passively wait for their chances to come. What the central and western parts of our country should at present do is to seek their partial development in the course of the overall development of our country.

Article Urges Rejuvenation of Agriculture
HK2211093588 Beijing LIAOWANG in Chinese
No 45, 7 Nov 88 p 4

[Article by Nai Yin (5082 0936): "The Rejuvenation of Agriculture Is Where the Interests of the Entire People Lie"]

[Text] Beginning from the 3d Plenary Session of the 11th CPC Central Committee, China's rural reform has undergone a 10-year course. With the establishment of the system of contracted responsibilities with payment linked to output, the rural productive forces have been emancipated, an important turn in agricultural production and the rural economy has appeared, and their brilliant achievements have created a sensation in the world:

—Grain production has moved two steps upward in succession; output of agricultural products, including cotton, oil, and meat, has doubled and redoubled; and the commodity rate of agricultural products is approximately 60 percent.

—Modern production factors, including chemical fertilizers, agricultural chemicals, plastic sheeting, the motive force of agricultural machinery, and electricity consumed by the rural areas, have increased by several times; the scope of the application of new agricultural technology has expanded; and the situation in agricultural production has improved very greatly.

—The rural industry mix is being readjusted in the direction of rationally utilizing resources and meeting market needs, the value of nonagricultural output has exceeded the value of agricultural output, the proportion of forestry, animal husbandry, sideline production, and fishery has risen, rural industries have sprung up, and a labor force of some 80 million has left agriculture.

—The peasants' incomes have increased by some two times, their living standards have markedly improved, the rural areas have seen accumulation to a certain degree, and there have been other improvements.

These achievements are obvious to all and cannot be doubted.

However, at the same time, we should see that since 1985 gross output of grain has stagnated for several consecutive years, and the level which had already been attained in 1984 cannot be reached, not to mention the planned target of an average annual increase of 20 billion jin; that the price of grain is on the low side and the peasants' enthusiasm for the production of grain is showing a tendency to drop; that the production of pork and of some industrial raw materials is greater one moment and less the next and has fluctuated relatively greatly; that agricultural labor productivity and comparative economic results are relatively low; and that with the growth of population and the development of the processing industry and exports, the demand for agricultural products has increased and panic buying has emerged unremittingly. All this shows that the development of agricultural production lags far behind industrial development. Under the circumstances of a poor agricultural harvest this year, various contradictions have been prominently exposed. This sounds the alarm for us: Be quick to put agriculture in the necessary position!

It seems that we must do several aspects of work well, and then we can guarantee an increase in our agriculture, particularly the production of grain:

First, we must keep a clear head, from the higher levels to the grass roots. We can see both agricultural progress and the existing serious problems. As the rural areas implemented the system of contracted responsibilities with payment linked to output several years ago, it aroused the peasants' enthusiasm for production, agricultural production developed quickly, and the production of grain, which was perplexing for a long time, increased by a relatively wide margin. This gave many people the impression that our country "had solved the grain problem," that "we would not worry over grain any longer," and that we could have a good breathing spell. A fairly large number of leading cadres shifted their attention to other aspects from this time on. That is not the practical situation: Our agriculture is still weak and natural disasters cannot be resisted; the main reliance is still on manual labor, and labor productivity and economic results are relatively low; and unrelenting population growth and industrial development have exerted great pressure on agriculture and grain, and other agricultural products are still far from being abundant. We must, therefore, firmly establish an ideological concept, that is: The agricultural problem, particularly the grain problem, cannot be relaxed before the year 2000, or even for a number of years after the year 2000. The real solution of the grain problem is a course of a protracted and unrelenting struggle and cannot be accomplished in one move.

Second, we must be determined to increase agricultural input. As the land resources of our country are limited, to further raise land productivity at the existing production level, it is necessary to add to the input of energy, modern materials, and technology. However, over the past few years, our agricultural input has not been great and the industry for agricultural uses and the projects for agricultural basic facilities have been very insufficient.

This is an extremely important factor affecting increased grain production. We have made exorbitant demands on land, but put very little into it. The following figures suffice to show this:

—The proportion of investment in agricultural capital construction in the total investment in capital construction of the country was between 9.8 percent and 11.2 percent before the "Fifth 5-Year Plan," dropped to 5.1 percent during the "Sixth 5-Year Plan," and even dropped to less than 4 percent from 1986 to 1988.

The funds for public undertakings accounted for 6.6 percent of the gross financial expenditure during the "Fifth 5-Year Plan," dropped to 6.3 percent during the "Sixth 5-Year Plan," and further dropped to slightly over 5 percent in 1986 and 1987.

As our country is still poor and its financial resources are limited, it is impractical to spend very much on agriculture, but it is still possible to slightly curtail the scale of industry and urban capital construction and to use the money for agricultural construction. There is still a great deal of work to do in the adjustment of the investment structure and of the resources distribution structure so as to make them beneficial to the coordinated development of industry and agriculture.

Third, when doing anything, we must not forget the 800 million peasants, and must proceed from the actual situation of China. Over the past few years, some of our comrades have given less consideration to the interests of the peasants and to arousing the initiative of the peasants for cultivating grain, and some policies, regulations, and methods have even discouraged peasants and urgently need adjustment. Our country has 800 million peasants, 80 million people have even been separated from agriculture in the wake of industrial development, and more people will be separated from agriculture in the future, but they still have a thousand and one links with rural areas and agriculture. The 800 million people, the majority of the Chinese people, are the starting point from which we must consider problems and formulate policies and plans. This is a characteristic of China. China's reform and the modernization of China's agriculture, industry, national defense, and science and technology cannot be achieved without that 800 million people's support and struggle with concerted efforts. All the important achievements we have scored in 10 years of reform have embodied and radiated the 800 million peasants' wisdom, creations, and contributions. The Chinese peasants were the main force of the revolutionary struggle in the past and are still the main force of China's reform and construction today.

The rise or decline of agriculture has a bearing on the national subsistence and the stability of the state, and is the unshakable foundation of the national economy. Maintaining the tendency of prosperous agricultural development is where the interests of the entire people lie. Every leader must keep this in mind; and everyone must consider: What we should do to rejuvenate agriculture!

East Region

Lu Rongjing Attends Anhui City Anniversary *OW2111191788 Hefei Anhui Provincial Service in Mandarin 1100 GMT 17 Nov 88*

[Excerpts] The provincial party committee and the provincial government held a grand meeting in Huaibei City yesterday morning to commemorate the 40th anniversary of the victory of the Huaihai Campaign. Attending the meeting were Feng Wenbin, Jiang Weiqing, and (Gu Yide), members of the CPC Central Committee's Advisory Commission; Lu Rongjing, Wang Guanyu, (Shi Lei), (Sun Jianxiao), Du Yijin, and Meng Yiqi, party, government, and military leaders of Anhui Province; and party and government leaders of Huaibei City. The meeting was presided over by Vice Governor Du Yijin. [passage omitted]

Lu Rongjing, secretary of the provincial party committee and governor of Anhui Province, addressed the meeting. He said: The historical experience of the Huaihai Campaign shows that the campaign could not have been won apart from the correct strategy and the centralized command of the party Central Committee and the Central Military Commission. [passage omitted] As we commemorate the 40th anniversary of the victory of the Huaihai Campaign today, we are not only reviewing history and our outstanding achievements of the past, but, more importantly, we are encouraging party members, cadres, and the masses to turn into valuable spiritual wealth the historical experience in winning the campaign and to learn from and to be enlightened by such experience. Reviewing the history of the campaign will certainly encourage all to work hard to build a socialism with Chinese characteristics by focusing on economic development, upholding the four cardinal principles, and adhering to the general policy of reform and opening to the outside world.

(Gu Yide), member of the Central Advisory Commission who had directed a battle of the Huaihai Campaign, also spoke. [passage omitted]

Mao Zhiyong Views Jiangxi Agricultural Issues *OW2111211388 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 19 Nov 88*

[From the "Provincial Hookup" program]

[Text] During his recent inspection tour in the rural areas, Mao Zhiyong, secretary of the Jiangxi provincial party committee, has stressed repeatedly that agriculture is the foundation of the national economy, and making earnest efforts to consolidate this foundation, achieving a bumper agricultural harvest in 1989 and 1990—especially 1989—and increasing the supply of agricultural goods are extremely important tasks for implementing the central authorities' guiding principle of cleaning up the economic environment, improving economic order, and strengthening reform in all fields; and for holding

down prices, stabilizing the overall situation, and expediting the national economic development. He said: Party and government leaders at all levels in Jiangxi must seriously estimate the situation in the rural areas and work more enthusiastically and energetically to intensify rural reform and promote agricultural development, which has a close bearing on the overall situation.

Mao Zhiyong visited Jiujiang City; Yongxiu, Dean, Pengze, Hukou, and Duchang Counties; and Jingdezhen City as well as Leping County; Wuyuan and Deqing Counties in Shangrao Preecture; and Dongxiang County in Fuzhou Prefecture from 1 to 15 November to study their situation.

Mao Zhiyong said: Peasants' family operations are now the mainstay of rural operations. There is great potential for development in this area. If each family expands its rapeseed acreage by 1 mu and raises one more pig, then each person will have an additional net income of some 40 yuan. There is now lots of surplus manpower in the rural areas and there are many ways for developing family operation. The key lies in providing peasants guidance and organization so as to arouse their interest in family operation, tap their potential, and fully utilize their resources. Not only will this increase production and expand the supply of agricultural goods, but also increase peasants' income and expand production.

On issues about food grain, Mao Zhiyong repeatedly stressed: Continuous efforts should be made to promote grain production and diversify economic undertaking. Increasing grain production does not mean that acreage of economic crops should be reduced, nor emphasizing economic diversification mean that the grain acreage should be reduced. Expanding or reducing acreage is not a solution. Fighting a general war of agricultural development means that production should proceed both in depth and breadth. We must now stabilize the grain acreage and strive to increase the unit yield. The newly developed acreage should be used for developing economic diversification. Only by doing this can we ensure steady increase of grain output and peasants' income.

Mao Zhiyong also inspected the No 2799 engineering project in Duchang County, the Wuchanghu Development Zone in Leping County, and the Hongran Developing Zone in Changming Township, Dongxiang County. On building irrigation facilities, Mao Zhiyong said: Efforts should be made to check up on the budgets earmarked by the state for irrigation projects because some of the money has been misused. Local leaders must place on their agendas the construction of irrigation facilities, which are essential for building up the capacity for sustained agricultural development. Last year's flood has brought many problems to light, and the lesson should leave a strong impression. The labor accumulation system [lao dong ji lei zhi du] should be carried out widely among the peasants. Each labor force should be able to contribute 15 to 20 [days to building irrigation facilities] each year, and this system should be upheld every year.

REGIONAL AFFAIRS

Mao Zhiyong said: Centers of agricultural science and technology should follow the course of sustaining their research by means of developing production. They should be operated like economic entities, which may be operated like low-profit enterprises serving the peasants by providing them good seed strains and technical expertise or by undertaking technical contracts. They may also be operated like businesses using their own resources for developing farming, aquacultural production, and processing services. By doing this they can earn their budgets by selling their services to the peasants.

Mao Zhiyong said: Grass-roots work is something that can serve the peasants directly. The vast number of grassroots cadres who work hard without complaints in dealing with peasants everyday have accomplished a great deal of work in combating difficulties. We should understand these cadres better, be more concerned with their problems, and give them greater support. Once we have improved our grassroots work, many problems can be nipped in the bud, our service for the peasants can be improved, and ties between cadres and the masses will be closer.

Shandong People's Congress Meeting Ends 21 Nov
SK2211095588 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 21 Nov 88

[Text] The sixth Standing Committee meeting of the seventh provincial People's Congress concluded at the conference hall of Zhenzhuquan Auditorium on the afternoon of 21 November.

The plenary meeting, which was held on the afternoon of 21 November, held a by-election for two deputies of our province to attend the Seventh NPC; heard the explanations on the draft decision on adding a number of deputies to the seventh provincial People's Congress made by Xu Xuemeng, secretary general of the provincial People's Congress Standing Committee; and adopted the decision on adding deputies to the seventh provincial People's Congress, the main points of the work of the provincial People's Congress Standing Committee, the Shandong Province regulation on protecting the legal rights and interests of consumers, and the report on the handling of motions submitted by the presidium of the first session of the seventh provincial People's Congress to the urban and rural construction committee and the education, science, culture, and health committee for their discussions. It also elected Comrade Cao Xueliang additional vice chairman of the financial and economic commission under the provincial People's Congress and adopted a report submitted by Meng Zhaoju, president of the provincial Higher People's Court for discussion, on appointing and dismissing cadres of courts.

Xiao Han, vice chairman of the Standing Committee of the provincial People's Congress, presided over the plenary meeting. Li Zhen, chairman of the Standing Committee of the provincial People's Congress; Lu Hong, Wang Shufang, Lin Ping, Xu Sen, and Yan Qingqing,

vice chairman of the Standing Committee of the provincial People's Congress, attended the meeting. Zhao Zhihao, vice governor of the provincial government, and responsible comrades of the departments concerned attended the meeting as observers.

Shanghai's Jiang Zemin at Award Ceremony
OW2111191388 Shanghai City Service
in Mandarin 2300 GMT 17 Nov 88

[From the "Morning News" program]

[Excerpts] According to a report by our correspondents Zeng Xiantian and Cai Qili, a grand medal-awarding ceremony was held on the afternoon of 17 November at the (Yunfeng) Theater by the PLA Shanghai Garrison on behalf of the Central Military Commission and the Nanjing Military Region. At the ceremony, medals of honor were awarded to some 600 retired military cadres who have been put under the management of Shanghai Municipality. [passage omitted]

Maj Gen Yang Zhifan, political commissar of the PLA Shanghai Garrison, presided over the medal-awarding ceremony. Maj Gen Pa Zhongtan, commander of the PLA Shanghai Garrison, read an order issued by the Central Military Commission and the Nanjing Military Region on awarding the medals of honor.

Jiang Zemin, secretary of the Shanghai Municipal CPC Committee and first secretary of the party committee of the PLA Shanghai Garrison, extended warm congratulations to the medal-winning veteran cadres on behalf of the Shanghai Municipal CPC Committee, the Shanghai Municipal Government, and the PLA Shanghai Garrison.

Jiang Zemin pointed out: At present, in studying and implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, we should conduct extensive education about the revolutionary traditions, go all out to give wide publicity to the heroic deeds and revolutionary spirit of retired military cadres, inherit and carry forward the fine traditions of our party and army, and work together with one mind to overcome difficulties. He expressed hope that the veteran cadres would treasure the honor they had won, maintain their integrity in their later years, energetically support and coordinate with the work of the local government, and make fresh contributions to Shanghai's reform and construction.

Central-South Region

Pepsico To Invest in Guangdong Joint Venture
HK2211014788 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
22 Nov 88 p 1

[By Giselle Militante]

[Text] Pepsico Inc plans to inject U.S.\$13 million in China to expand its market share and introduce a new line of local softdrinks.

The investment will include the establishment of a Guangzhou concentrate plant for Pepsi Cola products, a joint venture plant for local beverages, and a research and development centre.

Lai Kim-yin, Pepsico director of operations and marketing for China, said yesterday the company was recently granted approval to set up a wholly owned concentrate plant in Guangzhou—the city's first wholly owned foreign enterprise.

The plant will make concentrates for Pepsi Cola products such as Pepsi Cola, Seven-Up, and Mirinda orange. It will also serve as the future base for Pepsico's operations in China.

Production of concentrates locally would help cut costs for pepsi Cola franchise bottlers and enable Pepsico to enlarge its operations.

"All the franchise bottlers get their concentrates from the United States and pay U.S. dollars, a currency which is difficult to get from China," Mr Lai said.

"By making it possible to source the concentrates locally, the bottlers can pay in renminbi and we will help China solve one of its biggest problems," Mr Lai said.

Pepsico now has three bottlers in China—in Guangzhou, Fuzhou, Shenzhen. A fourth plant in Beijing is to open next year.

Two other projects include a joint venture plant for manufacturing concentrates for local drinks and a joint venture research and development centre aimed at producing a new line of local beverages.

The Chinese partners for both joint ventures include the Guangzhou Economic and Technological Development Zone Industrial Investment Corporation and the Guangzhou Asia Beverage Factory.

All three operations will be in the Guangzhou economic and technological centre.

Report on Capital Construction Curtailment
HK2111144288 Beijing RENMIN RIBAO in Chinese
12 Nov 88 p 1

[Dispatch by reporter Liang Zhaoming (2733 0340 2494): "Guangdong's Jiangmen City Deals With Aftermath of Curtailment of Capital Construction"]

[Text] Guangdong's Jiangmen City has stressed dealing with the aftermath of the vigorous curtailment of capital construction in order to minimize losses.

At present, Jiangmen City's construction projects amount to 500. Among the projects being checked, those not in conformity with the industrial structure, not

involving foreign investment, without definite capital, or whose feasibility reports have not been approved, have been either canceled, cut, or delayed.

While crossing the border of Jiangmen City, this reporter saw that the curtailment of capital construction has been turned into real action. All work had been stopped at the construction sites of all capital construction projects being curtailed, where work was originally going "full steam ahead." People were busy clearing the sites. There were trucks rushing to and fro. They were carrying construction materials already sent to the sites back to warehouses, or elsewhere to be dealt with promptly by other methods. This was done to avoid further losses due to the exposure of these materials and facilities to sun and rain.

Some capital construction projects were canceled after they had been started. This will naturally bring about losses. If the aftermath is not properly dealt with, the loss will be even greater. Therefore, the party committee and government of Jiangmen City are putting special emphasis on dealing with the aftermath in order to minimize losses.

1. Carry out ideological work with real earnestness, and turn people's obedience to the overall situation into real action of curtailing capital construction.

2. Persist in practical work. For buildings that have basically been completed but are being curtailed, more attention should be paid to rounding off the work. These buildings can be used for other purposes after they are completed. Government office buildings in the countryside are included in the curtailment, but among them, 70 percent have laid foundations, while others have dug holes. Work on these buildings should be permitted to continue, and their construction sites should be levelled once all the foundations have been laid. In this way, buildings or construction sites of the projects canceled halfway can be put to use.

3. Pay attention to the repayment of loans, properly deal with all kinds of contracts and agreements, and connections with all sectors, and arrange work for construction teams engaging in contracted projects.

4. Implement the policy of "taking care of one's own business" and make leaders responsible for their work to the end. These leaders have to be highly responsible for the state's assets. Once a project is canceled, the relevant unit has to clear the work site. The leaders will be blamed if unnecessary losses are incurred as a result of carelessness or irresponsibility.

Guangzhou PLA Launches Inspection of Anomalies
HK2111025188 Guangzhou Guangdong Provincial
Service in Mandarin 1000 GMT 21 Nov 88

[Text] Guangzhou Military Region will carry out a major inspection of tax revenue, finances, and prices, and will screen and straighten out companies. On 18 November the military region sent four inspection groups to the grass

roots to start this work. The inspection will include screening and cutting all large nonproductive building projects under way or shortly to be launched in the military region, together with capital construction projects not covered by the plans; screening and rectifying companies of all types that engage in large-scale speculation in important production materials, thus disrupting the markets; and checking and taking stock of problems in indiscriminately issuing cash and goods in kind, subsidies, and bonuses, and indiscriminately hiking prices.

Xing Chongzhi Speaks at Hebei Party Meeting
HK211100388 Beijing RENMIN RIBAO in Chinese
12 Nov 88 p 4

["Newsletter" by RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976) and Chen Guoqi (7115 0948 3823): "An Opportunity—Taking a Visitor's Seat at the Enlarged Meeting of Hebei Provincial Party Committee"]

[Text] In implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee, the question of improving the economic environment, and rectifying the economic order have attracted people's attention. These reporters heard a lot of discussions on this question at the enlarged meeting of the Hebei provincial party committee held days ago. Doubts and worry were expressed, but there was also a lot of calm analysis.

Being Underdeveloped Does Not Equal That There Is Not "Overheating"

Do people admit that there are "overheated" phenomena in Hebei? Some comrades have the opinions that: Over many years Hebei's rate of development has been below the average national level. It only caught up with others last year. It cannot be said that its economy is "overheated." Over a long period, the wage level in Hebei was lower than others, and it began to occupy the 20th position in the country last year. Work conditions and facilities of organizations, enterprises and institutions are poor, and it cannot be said that there are phenomenon of consumption fund expansion. Moreover, Hebei for many years has not exceeded the fixed asset investment scale index appraised and decided by the state. However, it now has to cut down its investment with other provinces which have expanded too fast. It is disadvantageous to it. Therefore, a county party secretary sighed with feeling that: "It is true that once you cannot catch up with others, you can never catch up with others!"

Provincial party Secretary Xing Chongzhi said: When compared with some provinces, Hebei's economy in the past several years was indeed a less developed one. However, the problems pointed out by the central authorities—that the rate of economic growth has been too high, the scale of fixed asset investment has been too large, consumption funds have been expanding too fast, too many bank notes have been issued, and commodity price have been increasing too fast—also exist in Hebei. We have to admit that overheated phenomena exist in Hebei. He cited

an example: From January to September this year, the gross value of industrial output of the province grew by 17.5 percent, and in September, the value grew by 21 percent. Although the planned index of the scale of basic construction was not surpassed, the scale of nonplanned basic construction has been out of control, and there are many problems concerning this issue. In the aspect of money supply, the net volume of the money supply increased from 1.185 billion yuan in the period from January to September last year to 4.081 billion yuan in the same period of this year. When compared with the same period of last year, the amount of inhabitants' saving decreased by 8.5 billion yuan. These have made the gap between the volume of money supply and the volume of commodity supply larger and larger, and a grim situation has resulted. He considers that some comrades did not either see this grim situation or have attached too little importance to it. They also may have only seen other areas' problems, but did not see the problems concerning their province. In implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee, these problems have to be understood in an unified manner, and have to be solved seriously.

Provincial Governor Yue Qifeng also had the same opinion. He said: In handling problems concerning growth rate, consumption, scale of basic construction, and so on, we have to take into account the conditions and practical possibility of the overall situation. In eliminating the phenomena of an overheated economy, and in cutting down social demand, Hebei has to unconditionally submit to the general national situation. We must not be vague on this point. When it is necessary, we have to take some difficulties, and to sacrifice for the overall situation. Only in this way can the thinking and action be unified on the spirit of the 3d plenary session.

The study and discussion in these few days caused people to have a unanimous understanding. It is recognized that overheated phenomena are not only found in developed areas in Hebei, but are also found in underdeveloped areas. Moreover, there is an overheated atmosphere as well as questions of overheated minds. This understanding thus raised people's consciousness in improving the economic environment and rectifying the economic order. Shijiazhuang Prefecture, which has launched many projects in the past 2 years, once had the idea of breaking through the gross value of industrial and agricultural output of 10 billion yuan next year. This time, the prefectural party Secretary Wang Manqiu clearly expressed at the meeting that the growth rate has to be reduced, and the overheated atmosphere should be cooled. Moreover, the task of improving the economic environment and rectifying the economic order should be carried out in a down to earth manner, the focus of attention should be on increasing economic returns, and the prefecture should prepare to make necessary sacrifices. Originally, in accordance with the characteristics of a cotton production area, Xingtai Prefecture planned to set up several cotton mills in the next several years. However, through learning the spirit of the 3d Plenary Session, it changed its plan and decided not

to set up the cotton mills. Prefectural party Secretary Li Mingzhu said that areas competing to launch this type of project is also an overheated phenomenon. Viewed from the prefecture itself, it can set up a number of cotton mills as it has the raw materials. However, viewed from the whole country, if a number of small cotton mills are set up, a "war for cotton" may result, and it is disadvantageous to the overall situation. In improving the economic environment and rectifying the economic order, no matter how much local areas have to sacrifice, we have to submit to the general situation, and should ensure the implementation of the important measures issued by the central authorities.

Opportunities Should Not Be Lost Again

Hebei missed some opportunities for developing its economy. As a result, its position in the whole country has move downward successively. This time every one unanimously supports the central decision of improving the economic environment and rectifying the economic order. However, when they encounter some specific problems, they felt sorry that: "Oh, we missed the opportunity again." On this question, chief leaders of Hebei Province have the viewpoint that: The principle decided by the central authorities is a positive and advancing one. To improve the economic environment and to rectify economic order is also a good opportunity for implementing the forced readjustment of product mix. The energy, raw materials, transportation capacity, and funds to be cut down through improving the economic environment and rectifying economic order can be used in readjusting and optimizing product mix. The returns derived from the utilization of the means of production can then be fully realized. Only when the party committee and government at all levels can seize this opportunity, can really give effect to and recognize the strong points and potential of their areas, can give play to their areas' strong points and avoid their shortcomings, can develop positively, and can overcome difficulties, stable development of the economy of the province can certainly be achieved.

During the study and discussion, comrades of all prefectures and cities agreed with the viewpoints of the provincial party committee and government. They said, the practice of improving the economic environment and rectifying the economic order has provided the foundation, and has created the conditions for the all-around, coordinated, and healthy development of the economy in the future. With this opportunity, the province can first direct its attention from grasping extensive growth to grasping connotation, management, and returns. Second, emphasis can be diverted from that on drawing in foreign funds and importing equipment to drawing in qualified personnel and importing technology. Third, the emphasis on getting loans from banks can be changed to that on gathering idle funds in society through diversified ways and channels. Fourth, the emphasis on grasping products in ample supply can be changed into that on developing products in short supply. Handan prefectural

party Secretary Zhao Huichen expressed that the opportunity provided by the policy of improving the economic environment and rectifying economic orders should be taken to change the common practice of simply relying on launching new projects to develop the economy; and factories, and industries should be developed through grasping science and technology, and management, and fortunes should also be made through these means.

Of course, improving the economic environment and rectifying the economic order does not provide a completely smooth way for local areas. For instance, how to use the masses' "floating capital" to develop production, and to increase effective supply under the situation that the state is tightening credits is an acute question. Fu Liang, commissioner of the administrative office of Shijiazhuang Prefecture, mentioned in his speech that the funds for purchasing agricultural and sideline products cannot be guaranteed, and due to the shortage of funds, some enterprises are experiencing a situation where they can hardly run their business. The fundraising methods they are going to adopt such as to resolutely collect back overdue loans, to open up and expand channels for syndicating loans, to issue local bonds and enterprise shares, to handle mergers of enterprises and auctions for small enterprises, and so on are well appraised. On this point, Zhang Shiyong, acting commissioner of the administrative office of Hengshui Prefecture, considers tightening credits is not a disadvantageous factor. It can induce people to treasure more the value of funds, to optimize the input of funds, to attach importance to economic returns, and to increase the rate of success of projects.

"Improving the economic environment and rectifying the economic order is pushing us to do more on deepening enterprise reform." Shijiazhuang City party Secretary Li Haifeng, a straightforward person, talked candidly. He told reporters that Shijiazhuang's next step is to use the opportunity of improving the economic environment and rectifying economic orders to vigorously promote internal reform of enterprises. First is to further perfect the contracted management responsibility system. Second is to choose a large number of large-size and small-size enterprises as experimental points of the practice of "special household" enterprises. Third is to expand the experimental point of the shareholding system. Fourth is to promote lateral ties, and to establish a number of enterprise groups of the textile, medical and drugs, and electronic industries, and so on. These are to make a new mechanism, and to ensure the steady growth of the economy.

All methods are developed from a tense situation. We found that in implementing the measures for improving the economic environment and rectifying economic order, all prefectures and cities are refining their ideas on how to improve the "small environment" in their local area. Here, people do not have a negative, and pessimistic attitude toward the policy of improving the economic environment and rectifying the economic order, but

really regard this as an opportunity, and work hard to explore new ways for steadily developing the economy in accordance with the spirit of the 3d plenary session.

To Use the Productive Force Criterion To Avoid an "Excessively Cool Economy"

Since June, Hebei has been launching activities for learning from Shandong. Through discussion on the productive force criterion, unanimity in organizing the commodity economy has been achieved, the enthusiasm of the masses of cadres and people has been effectively aroused, and the sense of responsibility of leaders at various levels enhanced. Leaders of the provincial party committee and the provincial government believe that the enthusiasm of cadres and the masses in implementing the spirit of the 3d plenary session is extremely commendable, and should be treasured and enhanced. The more important point is to lead this type of enthusiasm to the aspects of deepening enterprise reform, enhancing enterprise management, increasing economic returns, and promoting coordinated all-around reform.

"At present we have to pay attention to improving the frustrated and slack mood, and to establish the thinking of deepening reform and developing production in the process of improving the economic environment and rectifying the economic order." When Zhangjiakou prefectural party Secretary Tian Zhentian put forward this issue, he said that items the central authorities have explicitly ordered controlled should be firmly cut down, and guaranteed key projects, and projects involving foreign funds, which are necessary, should be launched. Energy should be concentrated on grasping economic work, products in short supply and people's daily necessities should be increased, and the market should boom. There should not be an idea that economic work can be relaxed because of the policy of improving the economic environment, and rectifying the economic order.

Ningjin County party Secretary Gui Xinxi has similar viewpoints. He said that in improving the phenomenon of an overheated economy, the productive force criterion should be continuously upheld. At present, some people have the wrong impression, and think that the policy adopted over the past years to arouse vigor and to achieve fast development has been a wrong one, and the result is that nothing has changed and not much development has been achieved. This type of understanding is incorrect. Experience and lessons drawn from work done in the past should be realistically and practically summarized, hot issues should be specifically analyzed, overheated phenomena should be eliminated, and areas that should be developed should be developed.

Tangshan City party Secretary Liu Shanxiang said in his speech that in improving the economic environment and rectifying the economic order, one-sided questions should be avoided. He said that it is very essential and completely a must to solve the problem of an overheated economy, and to readjust the development rate to an appropriate

growth rate that the country can bear. However, in solving this question, attention should be paid to another aspect pointed out by the central authorities—a certain degree of growth in the national economy should be maintained, and the economy should not thus be overcooled. In the process of economic development, the tendency of blind comparison without considering historical and geographical conditions should be checked. However, it is harmful to use the solving of the "overheated" issue as an excuse for covering up oneself's backwardness and thinking that seeks no effort to progress. He also reminded that in seriously cleaning up and rectifying the chaotic phenomena in the circulation realm, attention should be paid to avoiding the emergence of the situation of large-scale cutting down without considering the practical situation, and the returning to the old path whereby there was single channel and were too many links. At the enlarged meeting of Hebei provincial party committee, these reporters have noticed the confidence and determination of leading cadres at various levels in improving the economic environment and rectifying the economic order. This is exactly the crux whereby the spirit of the 3d plenary session can be implemented.

Southwest Region

Editorial on Strengthening Sichuan Agriculture
HK2011070488 Chengdu SICHUAN RIBAO in Chinese
2 Nov 88 p 1

[Editorial: "Genuinely Strengthen the Foundation Status of Agriculture"]

[Text] The 13th Plenary Session of the CPC Central Committee's Political Bureau especially discussed the question of deepening rural reform and accelerating the development of agriculture and urged all localities to pay close attention to agricultural production, grain production in particular, and adopt forceful measures to solve the problems of agriculture.

Sichuan's agricultural production stagnated recently and grain production output decreased again this year. This fact teaches us: It is high time for us to place agriculture in a proper position, strengthen the foundation of agriculture, and do a good job of agricultural production. The fundamental reason for agricultural stagnation is that it has not been placed in a proper position. The slogans "agriculture is the foundation of the national economy and grain is the foundation of foundation," "no economic stability without agriculture," and "grain shortages will lead to social disorder" have become pat phrases. All departments are talking about the importance of agriculture and the leaders at all levels are stressing the foundation status of agriculture. However, the matter becomes insignificant when it is to be put into practice. Some people are actually weakening the foundation status of agriculture. There are a number of comrades who always think that the proportion of agricultural output in the total output value of industry and agriculture is becoming smaller. As the direct economic

returns of agriculture investment are relatively low, they consciously or unconsciously neglect agricultural production. It was reported that the state would increase investment in agriculture during the Seventh 5-Year Plan. Actually, besides no investment made in agriculture, investment decreased by a wide margin in some localities. The production conditions of agriculture worsened and the ability to combat disasters weakened, leading to agricultural stagnation and a decrease in grain output. Some people say that this is related to a lack of financial resources. We would like to ask: Since the state lacks financial resources, why has investment in capital construction increased drastically? How come there is money to build guesthouses and hotels and purchase luxury cars, but no money to make investment in agriculture? This shows that the crux of the matter lies in the leading cadres' lack of understanding of the foundation status of agriculture. They do not know that the importance of agriculture does not lie in the proportion of agricultural output in the total output of industry and agriculture or in the investment returns of agriculture, but that it is the basic industry mankind must depend on for existence. When we cannot even solve the problem of food and clothing without agriculture, how can we prattle about social development? In the world today many countries regard agriculture as their foundation, to say nothing of China which has a large population with limited arable land where agriculture is underdeveloped. Doing a good job of agricultural production will be of great importance to stabilizing the overall situation, improving the economic environment, rectifying the economic order, deepening reform in an all-around way, and ensuring the long-term, steady development of the national economy. Even if we have realized modernization in the future, agriculture will always be the source of our food and clothing and the foundation of our country. Sichuan paid a high cost for the chaos in grain problem during the 3 years of difficulties and the end of the decade long turmoil. As this remains fresh in our minds, we should remember the bitter lesson and never neglect the foundation status of agriculture.

To place agriculture in a proper position, the key lies in the leading cadres at all levels, particularly senior level cadres and policy-making departments, acquiring a correct understanding of agriculture. In connection with the education in situation, we should conduct education in strengthening the foundation of agriculture among the broad ranks of cadres, help the leading cadres at all levels, particularly those who are not familiar with agriculture and those who do not know that the instability of agriculture may lead to grave consequences, understand the foundation status of agriculture, firmly foster the guiding ideology which regard agriculture as the foundation, consciously place agriculture in a proper position, pay close attention to agriculture which constitutes a strategic priority, and try by every means to strengthen the foundation status of agriculture.

To genuinely strengthen the foundation status of agriculture and accelerate agricultural development, it is necessary to deepen rural reform and increase investment in

agriculture under the guidance of the spirit of the 3d Plenary Session of the 13th CPC Central Committee. The perfection of a rural production responsibility system constitutes an important element of deepening rural reform. We should perfect the land contract system and also develop various forms of unified operation at all levels, establish a socialized service system, and increase the functions of unified operation so as to further tap the potentials of household operation. At present the second step of rural reform is proceeding from the production to the circulation field. We should establish a new socialist commodity economic order by developing a market mechanism and straightening out the price system, put an end to the state of poor economic returns of agriculture, and create a fine investment environment. Only by doing so can we encourage the peasants to accumulate their funds, increase input in agriculture, and guide the flow of funds from other fields to agriculture. Otherwise, nobody will increase investment in agriculture. Without investment in agriculture, it will be impossible to improve the production conditions and popularize agrotechnology and science. Consequently, intensive farming of the cultivated land of the exploitation of barren hills, slopes, sands, and waters will only be empty talk. To increase material and technological input in agriculture, we need an increase in investment. As the peasants are the main force in increasing investment in agriculture, we cannot merely rely on the state in this regard. However, as the foundation of agriculture is weak and peasant accumulation is limited, we also cannot merely rely on the peasants. We should encourage the initiative of the state, the collective, and the individual. The state should resolutely curtail the scope of investment in capital construction to increase investment in agriculture; the local financial departments should release some funds to support agriculture; and the collective organizations should adopt the measures of developing a rural cooperative foundation to increase investment in agriculture. Without input there can be no output. We should heighten our vigilance against the crisis lying latent in developing agriculture in light of the method of "urging a horse to run, yet not feeding it with grass" which runs counter to the objective laws.

To strengthen the foundation of agriculture, it is necessary to strengthen leadership. Party and government leaders at the county level should personally take a hand in agriculture. Party and government leaders at all levels and relevant departments should earnestly implement the party's rural policies, set specific tasks at each level, define the responsibilities, strengthen inspection and supervision, regularly assess work, and ensure that all measures are properly implemented. All trades and professions should regard strengthening the foundation of agriculture as their own duty and consciously do a good job of service work. The operation and management departments should put the interests of the peasants above those of themselves and correctly handle the relationship between themselves and the peasants. The practice of deceiving peasants must not be allowed to continue any longer.

Tibetan Leaders at Company Consolidation Meeting
HK1911082388 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 18 Nov 88

[Text] The regional leading group for sorting out and consolidating companies on the afternoon of 17 November held a meeting to assign tasks regarding the sorting and consolidating operation. Chairman of the regional people's government Doje Cering and Vice Chairman Mao Rubai attended and addressed the meeting.

Vice Chairman Mao Rubai focused on five aspects in his speech. 1) It is necessary to be fully aware of the need to sort out and consolidate companies as an important and urgent task. 2) The most important point is that leading people must set great store in this operation, take good care of it, and see that the operation is not carried out in a perfunctory manner. 3) It is necessary to focus on those illegal companies which are mixtures of government organs and enterprises, have both official and commercial natures, and are involved in the illegal resale of commodities with a view to seeking staggering profits. All these companies must be banned resolutely. 4) It is necessary to implement strictly the decision of the CPC Central Committee and the State Council on prohibiting party and government cadres from doing business and running enterprises. Resolute actions must be taken to solve the issue concerning retired cadres doing business and running enterprises. And 5) Apart from self-consolidation by every individual company, a spot check and general inspection will be made in those sectors which involve a lot of active companies. The spot check will focus on the selected companies' operation. At least 30 percent of the companies in the region must undergo a spot check.

During the meeting Vice Chairman Mao Rubai announced his resignation as the chairman of the board of directors of the Lhasa Holiday Inn.

In his speech Chairman Doje Cering demanded that this operation to sort out and consolidate companies in the region be carried out in a serious, earnest, and meticulous way. He said: The government will support and protect all companies that are conducive to the economic development of Tibet and will earnestly sort out and take action against a small number of companies that have seriously hindered the reform, infringed upon the interests of the state and the masses, disrupted the economic order, and corrupted the social mood. The government will take strong action against official profiteers, ban all illegal companies, and deal with malpractices in the field of circulation.

To conclude his speech, Chairman Doje Cering pointed out: In this sorting and consolidating operation, it is necessary to uphold the principle of leniency on those companies which readily submit themselves to the consolidation operation and severity to those which refuse to. We pledge to make the operation a success and to live up to the people's expectations in us.

Tibetans To Discuss Productive Forces Criterion
HK1911065888 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 18 Nov 88

[Excerpts] The following are excerpts from a decision made by the Tibetan Regional CPC Committee on 14 November to launch a regionwide drive to study and discuss the productive forces criterion. The decision consists of four parts:

1. A drive to study and discuss the productive forces criterion in the region will help to further emancipate the minds of cadres and masses in our region and will enable them to update their concepts, to understand clearly the situation, to be well aware of the local circumstances, to have a clearer understanding of the guiding ideology for the work in all fields, and to enhance their sense of duty in adhering to the party's basic line and earnestly implementing the reform and opening up policy.

This drive will be conducive to developing our region's productive forces, to reinvigorating the local economy, and to the prosperity of all nationalities in Tibet. It will also enable us to mend our pace in building a united, rich, and civilized new socialist Tibet. The drive will help to accelerate improvement of the economic environment, rectification of the economic order, and the comprehensive and in-depth development of the reform. It is therefore of great significance, theoretically and practically.

2. The productive forces criterion is not just a theoretical question but also a practical one. Therefore in upholding the productive forces criterion we must combine the discussion on Tibet's economic development strategy with study of the law of development of productive forces in the region. [passage omitted]

3. In studying and discussing the productive forces criterion we must uphold the principle of integrating theory and practice. [passage omitted]

4. The key to the success of this drive lies in our leading people at all levels setting great store by it. They should place the study and discussion of the criterion on the priority agenda. Leading cadres must take the lead in studying and discussing the criterion. On the other hand, all social sectors should be widely involved in the discussion. It is necessary to organize theoreticians, those engaged in practical work, grass-roots cadres, and staff members and workers of enterprises to join the study and discussion. [passage omitted]

Northeast Region

Provincial-Level Organ Report Meeting Held
SK2211071688 Harbin Heilongjiang Provincial
Service in Mandarin 1100 GMT 19 Nov 88

[Text] On the afternoon of 19 November, the provincial-level organs held a report meeting to discuss the criterion of productive forces and education on the current situation and tasks. Qi Guiyuan, member of the Standing

Committee of the provincial party committee and director of the Propaganda Department, presided over the meeting. Chen Yunlin, member of the Standing Committee of the provincial party committee and vice provincial governor, gave a special report on the current economic situation.

In his report, Chen Yunlin elaborated his opinions in detail on how to approach the achievements in the 10 years of reform and the existing problems, and how to approach some current hot problems and the province's economic work emphasis at present and in the future.

Chen Yunlin said: Since the 3d Plenary Session of the 11th CPC Central Committee, reform and opening up have instilled new vigor and vitality into our country's economic development. Profound changes have taken place in the economy. Judging from the pattern of the economic structure, the old structure characterized by highly centralized planned economy has been initially broken down, and the pattern of a new commodity economic structure is gradually taking shape. The rural economy has smashed the shackle of the traditional agricultural structure and has begun to embark on the path of commodity economy. The broad masses of peasants have decisionmaking powers in production and business. Through simplifying administration and decentralizing power, the industrial sector has implemented the contract, leasing, and stock-sharing systems and conducted series of reforms to fully display the enthusiasm of producers and managers. The circulation sphere and the ownership structure as well as economic relations with foreign countries have been greatly reformed, enabling the national economy to enter a period marked by vigorous development and quick growth of national strength since the founding of the country. The total output value of industry and agriculture, the GNP, and the state financial revenue doubled that of 10 years ago. Last year our province's total agricultural output value reached 13.7 billion yuan, an increase of 58.7 percent over 1978. Last year the province's total industrial output value reached 56.4 billion yuan, an increase of 138 percent over 1978. From January to September this year, the province's total industrial output value amounted to 37.12 billion yuan. The total import and export trade volume reached 900 million yuan. At the same time, the people's living standards have universally improved. Last year the average per capita income of urban residents for living expenses reached 793 yuan, an increase of 1.2 times over 1981. The average per capita income of rural dwellers reached 474.5 yuan, an increase of 1.5 times over 10 years ago.

While talking about our province's present and future economic work emphasis, Chen Yunlin said: We may summarize it into a few words, namely, improvement, reform, and development. He said: We should reduce the scope of capital construction, screen projects under construction, readjust the investment structure, control inflation, strictly control price increases, control money circulation, stabilize finances, consolidate the circulation order, and clean up various companies.

Comrade Chen Yunlin also explained the shortage of market supply of some commodities including grain and salt. He also expressed that he would exert strenuous efforts to solve some problems which the people have strong complaints, such as problems on price hikes, the unjust social distribution, party and government organs' failure in keeping themselves clean and honest, and some existing corrupt phenomena.

Liaoning's Congress Committee Session Ends
SK2211055688 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 19 Nov 88

[Text] The sixth Standing Committee meeting of the seventh provincial People's Congress ended today. The meeting adopted two resolutions and discussed and approved two local regulations. The first resolution was given by the provincial People's Congress Standing Committee on conscientiously studying and implementing the NPC Standing Committee's decision on strengthening democracy and the legal system, safeguarding stability and unity, and guaranteeing the smooth progress of reform and construction. The resolution called on leading cadres at all levels to take the lead in studying the relevant decisions. State organs at various levels should formulate specific measures and plans to implement the resolution. The provincial and local People's Congress Standing Committees should strengthen the building of socialist democracy and the legal system in line with the demands of the decision, conduct a province-wide general law enforcement inspection focusing on improving the economic environment and rectifying the economic order, and put the stress on inspecting the situation of law enforcement in leading organs and among leading cadres and law enforcement officials. Through conducting self-inspection and investigation by inspection groups, the people's sense of the legal system has been strengthened, the law enforcement activities have been improved, law violations have been straightened out, the level of law enforcement has been raised, and the situation of stability and unity has been maintained.

The other resolution adopted at the meeting was submitted by the provincial People's Congress Standing Committee on strengthening the ecological construction in the eastern mountainous areas. The resolution pointed out: Over the past few years, we have scored certain achievements in building the eastern mountainous areas. However, judging from the whole situation, destruction was greater than construction. There were continuous damage in the mountain forests and vegetation of some localities and water and soil erosion increased every year. The ecological environment is worsening. If we fail to adopt resolute measures to change such a situation, the nature of the eastern mountainous areas will be seriously damaged and the province's national economy will also be directly affected and threatened. In order to enable the eastern mountainous areas' ecological construction to gradually embark onto the path of a benign cycle, the resolution called on governments at all levels to formulate ecological construction plans and improve the management system of combining ecological

construction with production. In developing the commodity economy, the eastern mountainous areas should proceed the work by grasping afforestation and grass planting, protecting and cultivating natural resources, and doing a good job in ecological construction, and should see to it that development and construction are conducted simultaneously.

We should integrate ecological education with social education. It is necessary to manage and build the mountainous areas in line with the laws; conscientiously implement the forest law, the grassland law, and the environmental protection law and the water and soil conservation regulation; immediately stop and check the current acts of damaging ecological environment; and formulate specific methods for managing [words indistinct], ginseng farms, timber plants, firewood plants, and lumbering plants. We should end the situation of investing little in the mountainous areas, and encourage the business units and individuals to increase input in building infrastructure facilities and in maintaining and repairing projects.

The two local regulations adopted at the meeting were the Liaoning provincial regulation for protecting minors, and the Shenyang City regulation on managing environment and sound pollution. The meeting decided that due to the fact that some committee members from colleges, universities, and scientific research units have different views of the specific limits of the authority of publishing and distributing teaching materials, notes, and data by nonpublishing units at all levels, the Liaoning provincial regulation on managing publication of books, newspapers, and periodicals will not be adopted at this Standing Committee meeting.

The meeting also adopted the appointments and removals of personnel.

Northwest Region

Li Ziqi Speaks at Seventh Gansu Party Congress

Discusses Economic Measures

HK1911020188 Lanzhou Gansu Provincial Service
in Mandarin 0430 GMT 18 Nov 88

[Text] The guiding idea and focal points in Gansu's economic development strategy in the next 5 years are: Take the development of the productive forces as the center, put reforms in command of the overall scene, strengthen the agricultural foundation, speed up the exploitation of resources, optimize the industrial structure, step up infrastructural construction, improve economic returns, maintain an appropriate growth rate, and promote the steady, sustained, coordinated, and healthy development of the entire national economy. This was proposed by Comrade Li Ziqi in his report to the seventh Gansu provincial party congress.

Li Ziqi pointed out: The next 5 years link the first 10 and the last 10 years of attaining the province's economic development strategy; they form a key period in fulfilling the Seventh 5-Year Plan and embarking on the Eighth 5-Year Plan. It is essential to make corresponding readjustments to the province's economic development strategy. Roughly speaking, the steps are as follows: In the first step, we should work hard for the first 2 years to fulfill all the tasks for the first 10 years of our economic development strategy, improve and rectify the economic environment and order, and strive to basically resolve the food and clothing problem throughout the province. On this basis, in the second step the province should strive for consolidation and raising of levels and advance toward becoming rich. The province's national economic development will enter a new stage.

Li Ziqi pointed out: Achieving the economic development tasks for the next 5 years will be an extremely arduous and glorious task in a province with such backward foundations as ours. We will face many difficulties and contradictions on our way ahead. However, we must fully realize that we have many favorable conditions. We have the correct leadership of the central authorities and the vigorous support of the state. We have the experiences accumulated and the material foundation formed in the past few years. As a result of improving the economic environment and rectifying the economic order, all reforms will forge ahead in healthy fashion. We have a matching set of measures for attaining our goal. In particular, the goals for endeavor we have set reflect the common aspirations and fundamental interests of the people of the whole province. The enthusiasm already mobilized is bound to be given still greater scope. So long as we are full of confidence and do our work well, there are great prospects for fulfilling the tasks of the next 5 years.

Comrade Li Ziqi pointed out in his report that, to ensure the smooth implementation of the economic development strategy, it is necessary to uphold eight principles in our guidelines:

1. We must consistently assign agriculture an important strategic position. In the future, whatever the circumstances, agriculture can only be strengthened, not weakened, and investment can only be increased, not reduced. We must continue to get a good grasp of agricultural construction in the Hexi and Dingxi regions. We must focus investment on key points, speed up the building of marketable grain bases, and ensure that the comprehensive development of Hexi region, and especially the production of marketable grain, reaches a new level. In this way the province should gain still more initiative in the agricultural issue.
2. We must regard improving economic returns as the core of economic work. Serious shortage of capital will be a long-term problem in Gansu. It is unrealistic to simply rely on the state to increase investment for

construction. We must mainly follow the path of improving economic returns and depending on internal factors for expanded reproduction.

3. We must rationally readjust the industrial structure, centered on taking advantage of our strong points in resources. We must follow the laws of commodity economy and meet the requirements of the overall picture of the national economy, take into full consideration our economic foundation and resources, and take advantage of our strong points and avoid the weak ones. In accordance with the demand for low investment, high returns, and capacity to lead forward the province's entire economy, we must regard energy, nonferrous metals, petrochemicals, ferrous metals, and machine-building as the dominant industries and promote key development of trades and regions accordingly.

4. Under the premise of upholding public ownership as the mainstay, we should continue to develop the economy under a variety of ownership systems.

5. We must establish the mechanism for closely integrating science and technology with the economy.

6. We must assign education the primary position.

7. We must practice multidirectional opening to the world at various levels.

8. We must uphold the basic national policy of family planning. Excessively rapid population growth has become an unfavorable factor for developing the economy, eliminating poverty, and getting rich. We must regard practicing family planning and controlling population growth as an extremely important measure in our economic development strategy. This work must not be relaxed at any time or in any circumstances.

On Civilization, Party Leadership

HK1911054988 Lanzhou Gansu Provincial Service
in Mandarin 0430 GMT 19 Nov 88

[Excerpts] In order to strengthen the building of spiritual civilization, Comrade Li Ziqi put forward six important measures in his report to the seventh Gansu provincial party congress:

1. Apply common ideals to mobilize the people of all nationalities to work unflinchingly to invigorate Gansu. Strengthening the building of spiritual civilization in Gansu means being guided by Marxism and ensuring that the party members and the masses throughout the province establish the ideal of building a modern socialist country with a high degree of civilization and democracy, firmly adhere to the spiritual pillar of attaining the four modernizations and invigorating China, and turn it into a force for eliminating poverty, making the province rich, and invigorating Gansu. People should strengthen their sense of glory and urgency for loving and invigorating Gansu.

2. With the focus on improving professional ethics, establish and carry forward the spirit of socialist ethics. [passage omitted]

3. Vigorously develop various cultural undertakings. [passage omitted]

4. Strengthen the building of socialist democratic politics, to fully mobilize the initiative of all sectors.

5. Put the socialist legal system on a sound basis to ensure social stability and unity.

6. Improve nationality work and continually promote ethnic unity. Gansu is a multinationality province. Upholding the equality and unity of nationalities and promoting the common prosperity of all nationalities are major issues related to the overall situation of the province's political, economic, and social development. We must fully understand the extreme importance of the nationality issue in Gansu. We must not neglect this issue at any time.

Comrade Li Ziqi called on the party organizations at all levels, the leading cadres, and the party members to strengthen the party's unified and centralized leadership and consciously maintain unity with the CPC Central Committee. He said: Strengthening the party's unified and centralized leadership is the biggest strong point in uniting the forces of the whole party and the whole nation to overcome the difficulties. To overcome the difficulties, fulfill the arduous tasks, and get through the stiff tests facing us at the crucial moment of improving the economic environment, rectifying the economic order, and deepening all-around reforms, it is particularly important to lay stress on the party's unified and centralized leadership and give scope to our political strong point.

In reforms and opening up in recent years, we have carried out experiments in separating party and government functions and government and enterprise functions and in delegating powers, with the aim of mobilizing the initiative of all sectors. We have been correct in doing this. However, it cannot be denied that in certain places, units, and departments there has been some growth of departmentalism that lays one-sided stress on partial interests and of excessive decentralization that pays no attention to the interests of the whole. Thinking at upper and lower levels and all around is not united enough, and steps are not sufficiently in pace, with the result that the party's unified and centralized leadership has been somewhat weakened and the party lacks the necessary leadership authority. Unless this state of affairs is effectively reversed, the consequences will be extremely grave.

The party organizations, the leading party cadres, and the party members must consciously maintain ideological and political unity with the CPC Central Committee, and resolutely uphold the authority of the CPC Central Committee and State Council and the prestige of the

local party committees and government. All places and departments have the responsibility to uphold and subordinate themselves to the overall interests of the state. The relations between partial and overall interests must not be blurred and still less reversed. All party organizations must have strong party spirit and persistently regard being responsible to the party and state as being identical with being responsible to the masses. They must certainly not regard themselves as simply representatives of the interests of their area or unit.

Outlines Reform Measures

HK1911023788 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 19 Nov 88

[Text] In part three of his report to the seventh Gansu provincial party congress, Li Ziqi spoke on the basic line of thought and the main tasks in deepening all-around reforms. He began, "In the future, the basic line of thought for reforms in Gansu is: In the next 2 years, the focus will be on improving the economic environment and rectifying the economic order, so as to clear away obstacles and create conditions for deepening the reforms. We should promote, under leadership, all-around reforms including prices and wages. In particular, we must get a good grasp of perfecting the internal operating mechanism in the enterprises, and integrate reforms with implementing the correct economic development strategy by vigorously developing production and increasing effective supply. To meet the needs of economic structural reform, we should resolutely and cautiously promote political structural reform. In both economic and political structural reform, our orientation must be unwavering and our steps must be active and steady."

Comrade Li Ziqi proposed: We should focus on the following eight aspects in reforms in the next 5 years:

1. We must seriously improve the economic environment and resolutely rectify the economic order. We must reduce excessive social demand and curb the momentum of inflation. We should gradually bring social demand and supply into basic balance.

2. In accordance with [passage indistinct], ensure that the state-owned enterprises truly establish a mechanism for decisionmaking in operations, responsibility for their own profit and loss, and self-constraint, under the state's macroeconomic control.

3. [Passage indistinct]

4. We must do a good job of organizing a matching set of reforms and strengthen macroeconomic regulation and control [tiao kong]. We must in particular get a good grasp of promoting reforms that play a major role in curbing inflation and eliminating confusion. We must strengthen management of important materials and do everything possible to stabilize finances, strengthen the work of tax collection and management, and promote the reforms of the housing system.

5. In accordance with the law of value [passage indistinct] We must first do a good job in separating party and government functions at provincial level, so that the provincial party committee will better exercise political leadership. It is also necessary to establish corresponding leadership forms, organizational structure, and work system.

6. [Passage indistinct]

7. In accordance with the principle of streamlining and unifying functions, we must actively and steadily carry out structural reforms. Next year we will carry out provincial structural reforms, and we should basically complete structural reform at all levels throughout the province in the next 5 years.

8. We must do a good job in reforms of the cadre and personnel systems, change the situation of centralized management, and establish scientific management according to categories. We must change the situation of having a single pattern for managing all party and government cadres, and set up management systems with their own characteristics in light of the different features and work demands for cadres of different categories. We must change the situation of lack of democracy and legal system, manage the cadre and personnel system according to law, and practice public supervision.

Stresses Party Discipline, Style

HK2011053788 Lanzhou Gansu Provincial Service
in Mandarin 0430 GMT 20 Nov 88

[Text] Comrade Li Ziqi stressed in his report to the 7th Gansu provincial party congress: We must strictly adhere to party discipline and boost the party's combat strength. He said: Whether party leadership is strong and effective is determined by whether there is strict discipline in the party ranks. The party's fine traditions and strength lie in its strict discipline and unity.

We must soberly realize that there is slack organization, lax discipline, and weak combat strength among certain party organizations and members. The discipline inspection departments at all levels must concentrate forces to take care of party discipline and step up discipline inspection work. The discipline inspection cadres must base their efforts on the interests of the party and people and dare to stick to principles, tackle contradictions, and deal with tough problems, thus making their proper contributions to upholding the party's iron discipline.

Comrade Li Ziqi said: To fundamentally resolve the party style problem, it is necessary to carry out work in various aspects and tackle the problem in a comprehensive way. In the coming period we must focus on the following tasks:

1. Strive to improve the quality of the party members.

2. Seriously propose to the party organizations and members throughout the province the tasks in the struggle against corruption. In particular, in light of the CPC Central Committee's demand that the party and government organs must be honest for the economy to prosper, it is currently necessary to strictly prohibit party and government organs from engaging in commerce or running enterprises, to strictly prohibit officials and businessmen from colluding in speculation, and to resolutely struggle against malpractices such as abuse of power and engaging in bribery and corruption.

3. Overcome fear of difficulties and be bold to tackle and do something about unhealthy trends. We must deal seriously with people who engage in unhealthy trends and violate law and discipline to a serious extent, no matter how high or low their position.

4. Rely on reforms and the building of systems to root out the conditions and the soil for generating unhealthy trends. This is a basic measure in improving party style. At present, we must grasp problems that arouse relatively strong reaction among the masses such as problems in commodity and material circulation, labor and personnel work, and housing allocation. We should block the loopholes by carrying out reforms and perfecting the systems and measures.

5. Starting with the leading party-member cadres and the leading organs, we must persistently observe the responsibility system for grasping party style at all levels, make our affairs more visible, and strengthen mass and media supervision.

Comrade Li Ziqi said that it is necessary to strengthen party leadership over ideological and political work, to stimulate the socialist initiative of the party members and the masses. At the same time, it is necessary to pay attention to ideological and theoretical building and to improving the party members' and cadres' grasp of Marxism.

He said: At present the thinking of people inside and outside the party is unprecedentedly lively. This is a sign of social progress. At the same time, there is certain confusion in ideological understanding, and people's feelings are not completely harmonious. In this situation, in connection with the reality of their department and unit, the party organizations at all levels must clearly define the focal points in their ideological and political work. Through conducting appropriate and effective ideological and political work, they should calm people's minds, brace their spirits, stimulate their initiative, and unite them around the party to work in concert to plunge into the practice of reforms and construction.

Li Ziqi said in conclusion: Deepening the reforms, eliminating poverty, making the people rich, and invigorating Gansu are the glorious tasks assigned us by history. We will shoulder the important task of carrying forward the past and forging into the future during the next 5 years. The

13th party congress and the recent 3d Plenary Session of the 13th CPC Central Committee have pointed out to us the orientation for advance. The party organizations and party members throughout the province should, under the correct leadership of the CPC Central Committee, unite and lead the people of all nationalities to further emancipate their minds, brace their spirits, deepen the reforms, clear the way to forge ahead, and score still greater results in all work, so as to build a new socialist Gansu with prosperous economy, political stability, social civilization, and well-to-do people.

Congress Concludes, Leaders Elected

HK2111051588 Lanzhou Gansu Provincial Service
in Mandarin 0430 GMT 21 Nov 88

[Excerpts] The seventh Gansu provincial party congress concluded in the Ningwozhuang Guesthouse in Lanzhou this morning after completing all its agenda. Comrade Li Ziqi presided at the closing session. [passage omitted]

The seventh Gansu Provincial CPC Committee convened its first plenary session in the Ningwozhuang Guesthouse this morning. The session elected the Standing Committee members and the secretary and deputy secretaries of the provincial party committee. Thirty-one members and six alternate members of the committee were present. Comrade Li Ziqi presided. [passage omitted]

Li Ziqi, Jia Zhijie, Lu Kejian, Yan Haiwang, Wang Jintang, Wang Zhanchang, Zhou Yuechi, Liu Yuhuan, Han Zhengqing, and Zhang Wule were elected members of the Standing Committee of the provincial party committee; Li Ziqi was elected secretary; and Jia Zhijie, Lu Kejian, and Yan Haiwang were elected deputy secretaries.

New Agricultural Development Strategy for Gansu

OW2111200788 Beijing Domestic Service
in Mandarin 2230 GMT 19 Nov 88

[From the "News and Press Review" program]

[Text] According to our reporter Liao Yongliang, Gansu Province will change its agricultural development method from making up for its shortcomings to bringing its strong points into full play and adopt a strategy of developing the west to help the east. Beginning next year, this province will gradually increase its agricultural investment in the relatively rich areas west of Huang He each year. The target is to increase the investment by 10 million yuan. Besides this, an additional 9 million yuan will be earmarked for the development of these areas from the province's agricultural investment designated for mountain regions. The purpose is to use the affluence of the areas west of Huang He to help develop the eastern areas to bring about a relatively remarkable growth of Gansu's agricultural economy as a whole.

Presently a difficult problem in Gansu's economic development is grain. The solution to the grain problem is to develop the areas west of Huang He. These areas are

noted for their favorable water, soil, and climatic conditions. After 6 years of efforts to develop these mountain areas, enough financial and material resources can be made available locally to develop new agricultural undertakings. In the areas east of Huang He, it would be very difficult to increase commercial grain production to any appreciable extent because of the poor geographical conditions.

Recently, Li Ziqi, secretary of the Gansu provincial party committee, and Jia Zhijie, governor of the province, led responsible persons of the commissions, offices, and departments concerned to conduct investigations in the province's rural areas and study the steps to be taken to implement the strategy of developing the west to help the east. They set forth the following short-term development goal for the areas west of Huang He: These areas will become rich ahead of other parts of the province. In 1992, the rural economy in these areas will reach a relatively advanced level in our country. The economy will be characterized by diversified development with grain at the fore. These areas will become a diversified agricultural commodity production base with grain as the main product.

Xinjiang's Song Hanliang Stresses Ethnic Unity
HK2211012788 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 21 Nov 88

[Excerpts] The Xinjiang Production and Construction Corps' first gathering to commend advanced collectives and individuals in promoting nationality unity solemnly opened in Urumqi this morning. [passage omitted] Guo Gang, political commissar of the corps, presided at the opening ceremony. Simayi Maihesuti, deputy political commissar, delivered the opening speech. [passage omitted]

Present at the opening ceremony were Song Hanliang, secretary of the regional party committee and first political commissar of the corps; Tomur Dawamat, chairman of the regional government; and Zhuo Jia, vice chairman of the State Nationalities Affairs Commission. They warmly congratulated the corps on holding this gathering. [passage omitted]

In a speech, Song Hanliang laid stress on carrying forward the glorious traditions and continually promoting nationality unity in the corps. He reviewed the historic achievements of the corps since its founding,

and in particular fully endorsed the new situation the corps has created in nationality work and economic construction since its reestablishment.

He said: In common with the whole region, the corps is now enjoying its best-ever period for nationality unity. We must fully cherish the excellent situation and further consolidate it through our efforts, to ensure that the cause of advancing nationality unity in the corps and the region will continually forge ahead.

Song Hanliang gave the following views on how the corps should do a good job in nationality unity work:

1. Attach great importance to the nationality question and continually regard nationality unity as the premise and the guarantee for the development of all undertakings in the corps. How well or poorly relations between the corps and the localities are handled not only directly affects the performance of all work in the corps but also has a major impact on Xinjiang's nationality relations and unity and on stability and unity. All the cadres and workers of the corps must, under the stimulus of this gathering, further promote nationality unity work, develop the excellent situation in nationality unity, and make new contributions to consolidating and developing the political situation of stability and unity in the region.

2. Continue to carry forward fine traditions and give full scope to the important role of the corps in developing Xinjiang's economic construction, strengthening nationality unity, defending the motherland's borders, and consolidating the motherland's unity.

3. Vigorously develop economic construction and all other undertakings in the corps, to continually strengthen the material basis for nationality unity and benefit the people of all nationalities in the region.

4. Seriously study and execute in a model way the party's nationality policy and continually advance the cause of nationality unity in the corps.

Song Hanliang said: We must hold aloft the banner of preserving the motherland's unity and oppose all activities aimed at splitting the motherland. We must unswervingly apply the Marxist view of nationality to educate the cadres and masses of all nationalities and continually eliminate nationality prejudices left over from history. We must persistently oppose great Hanism and local nationalism, consciously boycott all words and deeds that damage nationality unity, and fundamentally enhance awareness of implementing the party's nationality policy and strengthening nationality unity.

END OF

FICHE

DATE FILMED

25 Nov 1988

